uMLALAZI MUNICIPALITY

BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) COMMENCING IN 2012/2013

29 MAY 2012

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ABBREVIATIONS AND ACRONYMS

COGTA	-	Co-Operative Governance and Traditional Affairs
CPI	-	Consumer Price Index
DORA	-	Division of Revenue Act
GRAP	-	Generally Recognised Accounting Practice
IBT	-	Inclining Block Tariff
IDP	-	Integrated Development Plan
KDS	-	King Dinuzulu Suburb
KWH	-	Kilowatt Hour
LED	-	Local Economic Development
LG	-	Local Government
MIG	-	Municipal Infrastructure Grant
MFMA	-	Municipal Finance Management Act
MPRA	-	Municipal Property Rates Act
MSIG	-	Municipal Systems Improvement Grant
MTREF	-	Medium Term Revenue and Expenditure Framework
NERSA	-	National Electricity Regulator of South Africa
PMU	-	Project Management Unit
PPE	-	Property Plant and Equipment
SALGA	-	South African Local Government Association
SALGBC	-	South African Local Government Bargaining Council
SDBIP	-	Service Delivery and Budget Implementation Plan

1. MAYOR'S REPORT

2012/2013 BUDGET PRESENTATION BY
HIS WORSHIP THE MAYOR COUNCILOR T.B.ZULU

AT THE uMLALAZI COUNCIL MEETING HELD IN THE
ESHOWE COUNCIL CHAMBERS ON TUESDAY, 29 MAY 2012

Madame Speaker I wish to present an overview of the Budget and Medium Term Revenue and Expenditure Framework (MTREF) for the uMlalazi Municipality. The Budget and MTREF has been compiled in terms of the Local Government: Municipal Finance Management Act 56 of 2003, circulars and budget formats guides received from National Treasury.

The Budget Review 2012 notes that the South African economy has demonstrated resilience despite unsettled international economic conditions. Global developments are likely to hold back higher growth over the short term, resulting in gross domestic product (GDP) growth being expected to slow from 3.1 per cent in 2011 to 2.7 per cent in 2012. However, the domestic outlook remains positive over the medium term. As the world economy strengthens, GDP growth will accelerate to 3.6 per cent in 2013 and 4.2 per cent in 2014, led by robust household consumption, and stronger public-and private-sector investment.
Government is focussing on capital investment in large-scale public-sector infrastructure projects and reducing the cost of doing business through targeted interventions. This will entail shifting the composition of spending from consumption towards capital investment. Moderating growth in the public sector wage bill, and stabilising the growth in interest payments, will allow more funds to be spent on infrastructure and social spending.

The labour market has shown signs of improvement over the past year, with total employment rising by 520 000 new jobs or 2.8 per cent between December 2010 and December 2011. Job creation has been in the formal private sector. The economy is projected to add 850 000 new jobs over the next three years, with 80 per cent of these in the private sector, lowering the unemployment rate to about 23 per cent in 2014.Most of these jobs are likely to be concentrated in services and construction as a result of steady growth in domestic demand and infrastructure expenditure, and a pickup in residential investment expected during the outer years of the forecast.

Consequently, municipal revenues and cash flows are expected to gradually improve during 2012/2013. However, given that the likely recovery is not guaranteed and, at best, is likely to be slow, municipalities must still adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities should also pay particular attention to managing all revenue and cash streams effectively, and carefully evaluate all spending decisions.

The Budget Review 2012 and the 2012 Division of Revenue Bill indicates that over the 2012 MTEF, transfers to local government grow by R5.3 billion, of which R2.2 billion is added to the local government equitable share and R3.1 billion to local government conditional grants. Additions to the equitable share provide for increase support for the institutional costs of poor municipalities and for the anticipated increase in the costs of basic services in the second and third years of the MTEF period.

This means the baseline allocations to local government for 2012/2013 are R37.9 billion to the local government equitable share, and R30.4 billion for conditional grants. Municipalities MUST ensure that their tabled budgets reflect the equitable share and conditional grant allocations set out in the 2012 Division of Revenue Bill.

As noted above, the government is focussing on capital investment in order to foster economic growth and reduce the cost of doing business in the country. It is expected that municipalities will adopt a similar stance when preparing their budgets for 2012/2013. To do this, municipalities need to focus on controlling expenditure on their operating budget (Budgeted Financial Performance) so as to generate surpluses (own revenue) which are cash backed to strengthen the funding of the capital budget.

When it comes to funding the capital budget (See Table A5). The municipality are completely or largely reliant on national and provincial conditional grants. In other words, we contribute nothing or very little from our own revenues to the funding of infrastructure within the municipality. To change this, the municipality need to explore ways in which our own revenue contribution to funding our capital budget can be increased. This means carefully examining ways to increase revenues and improving revenue collection, and evaluating the appropriateness and priority of ALL current expenditure and eliminating all non-priority spending.

In addition to funding the capital budget, the municipality also need to pay ongoing attention to the issue of renewal of existing assets and repairs and maintenance. The overall challenge is to change the composition of municipal spending away from consumption items (mainly personnel) to areas of expenditure that support economic growth and service delivery more directly.

Is there a prescribed or recommended benchmark for the ratio of personnel expenditure to operating expenditure? The short answer is: no.
The ratio of personnel expenditure to operating expenditure is widely used as an indicator of the sustainably of municipal budgets and expenditures. This raises important questions of exactly how the ratio should be interpreted and whether National Treasury *should* set a benchmark for purposes of assessing the sustainability of municipal finances.

First, on the issue of interpreting the ratio, one needs to be aware of the factors that can influence it. These include:

- The nature of the functions allocated to the municipality and types and extent of services it delivers;
- The municipality's organisational structure, particularly the ratio of management to technical and unskilled employees.
- The labour intensity of the municipality's operations versus the extent of mechanization;
- The extent to which the municipality has outsourced the more labour intensive components of its operations; and
- The composition of the non-personnel components of operating expenditure, particularly trends in expenditure on maintenance and payments for bulk electricity services.

Second, on the issue of setting a benchmark, it is clear that the interpretation of the ratio is specific to the context of each municipality. It would therefore be inappropriate for National Treasury to set a specific benchmark, consequently there is NO benchmark.
Nevertheless, should the ratio for a municipality be significantly above or below the average ratio for its peers (municipalities of similar size and functional responsibility) or if the ratio for a municipality move upward or downward, it should be treated as a warning signal and should trigger an enquiry into the factors that are driving the ratio in a particular direction. It is after all these underlying factors that may be threatening the financial sustainability of the municipality and not the ratio itself.

Currently, among municipalities with the electricity function, this ratio is tending to move downward despite fairly large increases in personal spending. This is because spending on bulk electricity purchases is increasing at a very fast rate, driving the relative share of all other expenditure categories down. In such instances the ratio tells one very little about the appropriateness of a municipality's level of expenditure on personnel relative to the overall operating budget.

Funds have been added to the Special Support for Councillor Remuneration and Ward Committees that is transferred together with the local government equitable share. These additions increase the level of the subsidy contributed by national government towards the cost of remunerating councillors and provides funding for the payment of stipends to ward committee members. These allocations are only made to municipalities in grades1-3 municipalities (the lowest three of the six municipal grades) in terms of the grading system prescribed in the annual *Gazette on the determination of upper limits of salaries, allowances and benefits of different members of Municipal Councils.*

Note that these funds are transferred as part of the equitable share which is an unconditional transfer, no conditions may be prescribed for how they are used. The municipality therefore has discretion over the use of these funds to fund their councillor remuneration and ward committee structures in terms of their own policy (within the gazetted upper limits) or may even choose to use them in other areas of the budget, according to local priorities.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

In his 2012 State of the Nation Address, the President signalled that government is primarily concerned about the continuing high levels of unemployment and poverty in the country.

Every sector and every business entity, regardless of size, is urged to focus on job creation. Every contribution counts in this national effort. All government departments will align their programmes with the job creation imperative. The provincial and local government spheres are requested to do the same.

As the President concluded:

> Our goal is clear. We want to have a country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and a vibrant economy and where the quality of life is high.
> We all have a responsibility to work hard to make this a reality.
> Everyone must think of how they can contribute to the jobs campaign through creating opportunities for themselves and others.

In drafting the 2012/2013 budget and MTREF, the municipality explored opportunities to mainstream labour intensive approaches to deliver services, and more particularly to participate fully in the Extended Public Works Programme.
However the municipality will not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The municipality focused on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

With reference to employment creation, provision is made for the following:

- Contractors that are appointed for Municipal Infrastructure Grant (MIG) projects, are encouraged to make use of local labour;
- R1 429 750 from the equitable share is allocated for LED projects;
- R3 871 740 from the equitable share is allocated for work creation projects;
- The municipality has received a R1 000 000 to participate in the Extended Public Works Programme, and
- The Council has appointed five financial interns.

When the rates, tariffs and other charges for the 2012/2013 budget and MTREF were revised the Council took into account the labour (ie the wage agreements with unions) and other input costs of services provided by the municipality, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy. The municipality also took into account relevant policy developments in the different sectors.
The municipality are structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to fund the maintenance, renewal and expansion of the infrastructure required to provide the services.
The budget depicts a total expenditure growth of R24 804 million or 11.2%, which is made up as follows:

Capital Budget (increase) from	R 39 237 million to R 51 414 million
Operating budget (increase) from	R182 270 million to R194 897 million
	R221 507 million to R246 311 million or R24 804 million (11.2%)

Capital Budget

The following guidelines were applied in order to valuate and prioritize the capital projects:

- In line with the Council's revised IDP
- Carry over of previously approved projects
- Existing Council's resolutions, statutory requirements and services related benefits.
- Provision was made for the basic capital projects to be funded from the equitable share if actual cash is available.
- The Departmental capital budget growth is of 64.63%.

The components of the capital budget are follows:

Description	Amount
Capital for departments	6 013 400
Municipal Infrastructure Grant Projects	26 051 000
Administration offices (Alpha control building)	1 750 000
Purchase of Propnet properties	2 100 000
King Dinuzulu sports park	12 000 000
Small business development: Eshowe taxi rank	3 500 000
TOTAL	R51 414 400

The Capital Budget is funded as follows:

Description	Amount
Equitable share grant	9 543 400
Municipal Infrastructure Grant	26 051 000
Department of Sport and Recreation	12 000 000
Own funds	3 820 000
TOTAL	R51 414 400

Operating Budget

Operating Revenue Framework

The municipality is budgeting for revenue of R194 897 000, of which the detail revenue sources are reflected in the executive summary of the budget document.
The proposed tariff increases for the 2012/2013 MTREF on the different revenue categories are:

Property Rates	6%
Solid Waste	10%
Electricity	11.03%

It is important to note that R49 933 550 of the equitable share grant is allocated to subsidize the different tariffs in the operating revenue budget.

Grants and subsidies has increased by R22 177 000 and is now 47.69% of the total operating budget.

Operating Expenditure Framework

The municipality is budgeting for expenditure of R194 603 000, of which the detail expenditure types are reflected in the executive summary.

* Employee related costs - This increased by 12.32% or R6.4 million. A salary increase of 6% is based on the consumer price index.
* Remuneration of Councillors - The annual costs amount to R12 774 million. An increase of 6% on the upper limits is provided for, which is the same as for staff salary increases. The remuneration of Councillors is determined by the Minister of Co-Operative Governance and Traditional Affairs, in accordance with the remuneration of Public Bearers Act (Act 20 of 1998).
* Depreciation and asset impairment – Provision for depreciation has been informed by the municipality's asset management policy. The implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.
* Bulk purchases - are directly informed by the purchase of electricity from Eskom. The annual price increase of 13.5% has been factored into the budget appropriation and directly inform the revenue provision. The expenditure include distribution losses.
* Contracted Services – As part of the compilation of the 2012/2013 budget and MTREF, this group of expenditure was critically evaluated and operational efficiencies are enforced. This group of expenditure totals R18.1 million and has escalated by 5.26%
* Other expenditure – comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Equitable Share Grant

In terms of the division of the revenue bill, as published in the government gazette no. 35022 of 7 February 2012, the Council will receive the following amounts as it's equitable share grant from National Treasury, for the next three years:

2012/2013	-	R79 831 000
2013/2014	-	R85 881 000
2014/2015	-	R93 715 000

The suggested detail allocations of the amount for the 2012/2013 budget year, are set out in the recommendations of the agenda item.
The extreme moderate and well deliberated rates and services tariff increases, should be welcomed by all communities and serve as an indication that Council is more than aware of the need to compassionately accommodate our people. The millions of rands being poured into our rural communities for varied activities, is a further commendable effort by Council to show our people that we are serious in attending to their needs.
All current grants, rates rebates, free electricity and free refuse charges will remain in force to the benefit of those people, receiving such benefits.
Madame Speaker, I would like to take this opportunity to express my gratitude and appreciation to the following people:

- The Municipal Manager, Directors and staff of the various departments, for their inputs in the budget;
- The community in the municipal area for their support and co-operation, to make our municipality a pleasant area to stay in.

I accordingly table the budget and Medium Term Revenue and Expenditure Framework commencing in 2012/2013 as detailed in the document with recommendations 1 to 11 for final adoption by Council.

I thank you.

2. BUDGET RELATED RESOLUTIONS

RECOMMENDED

Page

1. That the annual budget of the municipality for the financial year 2012/2013; and indicative for the two projected outer years 2013/2014 and 2014/2015 be approved as set-out in the following schedules:

1.1	**Budget Summary** (Financial Performance, Capital Expenditure and Fund sources, Financial Position, Cash Flows & Asset Management) **Table A1**	24
1.2	**Budgeted Financial Performance** (Revenue and Expenditure by Standard classification) **Table A2**	25
1.3	**Budgeted Financial Performance** (Revenue and Expenditure by Municipal Vote) **Table A3**	26
1.4	**Budgeted Financial Performance** (Revenue and Expenditure) **Table A4**	27
1.5	**Budgeted Capital expenditure** by Vote, Standard classification and funding-**Table A5**	30

2. That the financial position, cash flows, cash-backed reserve/ accumulated surplus, asset management and basic service delivery measurements are adopted as set out in the following tables:

2.1	**Budgeted Financial Position-A6**	32
2.2	**Budgeted Cash Flows – Table A7**	33
2.3	**Cash backed reserves & accumulated surplus reconciliation Table A8**	34
2.4	**Asset Management- Table A9**	35
2.5	**Basic Service Delivery Measurement-Table A10**	37

3. That the Service Delivery and Budget Implementation Plan (SDBIP) tabled together with the measurable performance objectives per vote be approved.

4. That the amendments to the budget related policies be approved.

5. That the budget funding and tariffs be approved.

6. That the due date for the agreed annual single rates payment as prescribed by Section 26(2) (a) of the Local Government Municipal Property Rates Act 6 of 2004 be determined to be 28 September 2012.

7. That the expenditure on the Equitable Share Grant be approved as follows:

DETAILS	BUDGET
	2012/2013
International relations	300,000
Community halls maintenance (Rural)	200,000
Community halls maintenance (Urban)	300,000
Care taking: rural buildings	200,000
Youth development	200,000
Early Childhood Development	200,000
Community support programme	200,000
Local economic development (LED)	1,429,750
Ceremonial events	100,000
Commemorative celebrations	100,000
Rates relief	34,993,130
Depreciation on assets contribution	5,282,650
Poverty alleviation	1,440,000
Councillor's remuneration	6,333,000
Animal Pound facility	600,000
Rural Fire prevention	100,000
Disaster assistance	542,560
Humanitarian assistance	500,000
Sport development	300,000
Cultural development	100,000
HIV Relief	300,000
Work creation projects	1,000,000
Sports fields - security	531,740
Rural grounds maintenance	200,000
Rural roads and causeways	3,810,000
Rehabilitation of urban roads	2,700,000
Free refuse	1,207,400
Solid waste relief	1,067,520
Naickerville housing top up	1,000,000
Free electricity	1,049,850
Increase in Eskom supply	4,000,000
Capital projects contribution	9,543,400
	79,831,000

8. That in terms of Section 17 (3) (k) of the Local Government: Municipal Finance Management Act, (No. 56 of 2003), that the proposed cost to council of salary, allowances and benefits of, councilors and senior officials be noted.

9. That the following new positions in the current staff structure, be approved:

Position	Total cost to Council
Senior Town Planner	392 700
Manager: Performance Management	392 700
Cashier (Testing station)	89 380
Total	874 780

10. That the position of the Deputy Municipal Manager not be filled at this stage, and the filling of this post be reviewed with the Adjustments Budget.

11. That it be noted that no provision has been made for new positions in the municipality's new proposed staff structure.

12. That provision be made for the remuneration of ward committee members from the 2011/2012 Equitable Share savings.

3. EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were received as part of this year's planning and budget process. Where appropriate, funds were transferred from low to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The budget/IDP process occurred according to the budget timetable approved by Council in August 2011. This ensured compliance with the LG: MFMA and subsequent circulars in the preparation and approval of the multi-year budget/IDP.

The Budget and Medium Term Revenue and Expenditure Framework (MTREF) was also prepared taking cognizance of the contents of the Local Government: Municipal Finance Management Act No 56 of 2003, Circulars No. 58 and 59, and the LG:MFMA Budget Formats Guide received from National Treasury.

The main challenges experienced during the compilation of the 2012/2013 Budget and MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable – as there will be a point where services will no longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Affordability of capital projects-original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/2013 budget and MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2012/2013 Budget and MTREF:

- The 2011/2012 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/2013 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, expect where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/2013 Budget and Medium-term Revenue and Expenditure Framework:

3.1 Consolidated Overview of the 2012/2013 Budget and MTREF

Details	Adjustments Budget 2011/2012	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +2 2014/2015
Total operating revenue	182 270 000	194 897 000	213 476 000	235 020 000
Total operating expenditure	182 154 000	194 853 000	213 428 000	235 001 000
(Surplus)/Deficit for the year	(116 000)	(44 000)	(48 000)	(19 000)
Total Capital Expenditure	39 237 000	51 414 000	36 799 000	35 989 000

Total operating revenue has grown by 6.93 per cent or R12 627 000 for the 2012/2013 financial year when compared to the 2011/2012 Adjustments Budget. For the two outer years, operational revenue will increase by 9.53 and 10.09 per cent respectively, equating to a total revenue growth of R52 750 000 over the MTREF when compared to the 2011/2012 financial year.

Total operating expenditure for the 2012/2013 financial year has been appropriated at R194 853 000 and translates into a budgeted surplus of R44 000 When compared to the 2011/2012 Adjustments Budget, operational expenditure has grown by 6.97 per cent in the 2012/2013 budget and by 9.53 and 10.11 per cent for each of the respective outer years of the MTREF.

The capital budget of R51 414 000 for 2012/2013 is 31.67 per cent more when compared to the 2011/2012 Adjustment Budget. The increase is mainly due to a sports park to the value of R12 000 000 planned for King Dinuzulu. The capital budget is funded from Government grants over the MTREF.

3.2 Operating Revenue Framework

For uMlalazi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the Municipality.

The following table is a summary of the 2012/2013 Budget and MTREF (classified by main revenue source):

3.2.1 Summary of revenue classified by main revenue source

Description	Current Year 2011/2012			2012/2013 Medium Term Revenue and Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +2 2014/2015
Revenue by Source						
Property rates	38 920	38 378	38 378	29 921	32 163	34 165
Property rates-penalties & collection charges	1 116	667	667	633	602	572
Service charges- electricity revenue	48 171	44 042	44 042	49 366	57 716	67 492
Service charges- refuse revenue	7 165	7 336	7 336	8 070	8 876	9 764
Rental of facilities and equipment	1 335	1 540	1 540	1 235	1 303	1 374
Interest earned-external investments	350	650	650	650	650	650
Fines	3 904	3 396	3 396	4 906	6 236	6 217
Licences and permits	3 060	3 298	3 298	3 468	3 649	3 846
Transfers recognized – operational	70 778	79 137	79 137	92 955	98 481	107 030
Other revenue	3 738	3 240	3 240	3 493	3 600	3 710
Gains on disposal of PPE	200	588	588	200	200	200
Total revenue (excluding capital transfers and contributions)	178 736	182 270	182 270	194 897	213 476	235 020

In line with the formats prescribed by the Municipal Budget and reporting regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise nearly halve of the total revenue mix. In the 2011/2012 financial year, revenue from rates and services charges totaled R90 423 000 or 49.61 per cent. This changes to R87 991 000, R99 359 000 and R111 992 000 in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 45.21 per cent in 2012/2013 to 47.65 per cent in 2014/2015. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the municipality.

Property rates is the third largest revenue source totaling 15.7 per cent or R30 555 000 rand and increases to R34 736 000 by 2014/2015.

Operating grants and transfers is the second largest revenue source totaling R79 137 000 in the 2011/2012 financial year and steadily increases to R107 030 000 by 2014/2015. Note that the year-on-year growth for the 2012/2013 financial year is 17.46 per cent and then flattens out to 5.94 and 8.68 per cent in the two outer years. The following tables gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

3.2.2 Operating transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	42 920	53 055	64 745	72 151	72 151	89 568	94 247	102 590
Local Government Equitable Share			40 935	50 439	61 555	68 148	68 148	70 288	78 397	86 690
Municipal Systems Improvement			984	750	790	1 319	1 319	800	900	950
Finance Management			1 000	1 176	1 450	1 734	1 734	1 500	1 750	1 750
Integrated National Electrification Programme						–	–	15 000	12 000	12 000
EPWP Incentive						–	–	1 000	–	–
						–	–			
Project Management Unit (MIG Projects)				690	950	950	950	980	1 200	1 200
Provincial Government:		–	2 290	3 283	5 450	6 764	6 764	2 859	3 671	3 840
Health subsidy			2 193	3 090	2 400	2 400	2 400	637		
							–			
							–			
							–			
PIPMA DTLGA - IDM			2				–			
PT: Community Library Services			27		193	193	193	216	227	238
PT: Provincialisation of Libraries					1 237	1 237	1 237	1 298	2 726	2 876
COGTA: Establishment of Pound Grant					1 000	1 000	1 000			
PT: Greenest Municipality					400	400	400			
Museum Subsidy			68	73	220	125	125	134	143	151
COGTA : Groundnut Activities						500	500			
Gratuity Payment: Non-returning councillors				–		794	794			
Library Cyber Cadet KDS GR50				120		115	115			
Subsidy Road Maintenance				0			–			
Property rates								574	575	575
District Municipality:		–	901	1 177	583	222	222	528	563	601
Uthungulu District Grant: Salary Claims			773	852	583	215	215	528	563	601
Uthungulu District Grant: Zulu Dance			24	20	–		–			
Uthungulu District Grant: Capacity Building			77		–		–			
Uthungulu District Grant: Information Signs R66			26	281	–	6	6			
Capacity Building BDPCB -UDM				25			–			
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	–	46 110	57 516	70 778	79 137	79 137	92 955	98 481	107 031

3.3 Tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom's bulk tariff is far beyond the mentioned inflation target. Given that this tariff increase is determined by external agencies, the impact it has on the municipality's electricity tariffs are largely outside the control of the municipality. Discounting the impact of this price increase in lower consumer tariffs will erode the future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement, etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by their operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

3.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R60 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a rebate will be granted to owners of rate-able property as follows:
  <u>40 per cent rebate</u>

  (i) A single person receiving a total income of R5 100 per month or less
  (ii) A married couple receiving a joint monthly income of R6 360 per month or less
  <u>20 per cent rebate</u>

  (i) A single person receiving a total income of R5 101 per month or more
  (ii) A married couple receiving a joint monthly income of R6 361 per month or more
  In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
  - The property must be categorized as residential.
- The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain classes such as churches, registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport.

In considering changes in property rates tariffs, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non payment and increased bad debts.

The uMlalazi Municipality is one of four municipalities in KwaZulu Natal that completed the second round of re-valuation of properties, that was implemented on 1 July 2011. Efforts are made to keep the revenue growth of the property rates revenue line on 6% and lower.

The Council at its meeting held on 5 May 2011, resolved that an investigation be executed to design a more favourable rebate system for all pensioners in the municipal area. A survey has been completed and the following new category of rebates are suggested for pensioners, physically and mentally disabled persons:

- Owners of ratable property if the total monthly gross income of the applicant and/or his/her spouse, if any, is the following:
  20per cent rebate
  (iii) A single person receiving a total income of R5 101 per month or more
  (iv) A married couple receiving a joint monthly income of R6 361 per month or more

The cost to Council will be R 599 924 for this new proposed rebate system for pensioners, physically and mentally disabled persons.

In terms of the Council's Property Rates Policy, government properties are receiving a rebate of 20% which at present equals R707 071. It is suggested that the rebate for government properties be removed to finance the new proposed rebate system for pensioners, physically and mentally disabled persons.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/2013 financial year based on a 6 per cent decrease from 1 July 2012 is contained below:

Category	2011/2012 c/R	2012/2013 c/R
Residential	1.05	1.11
Commercial and Industrial	1.05	1.11
Government	1.05	1.11
Municipal	1.05	1.11
Clubs/Churches	1.05	1.11
Agricultural	0.2625	0.2787
Public service infrastructure	0.2625	0.2787

3.3.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 13.5 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 11.03 per cent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

It should further be noted that NERSA has advised that a stepped tariff structure be implemented for residential consumers from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. Most of the reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life expectancy. The upgrading of the municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines. Owing to the high increases in Eskom bulk tariffs, it is clearly not possible to fund these necessary upgrades through increase in the municipal electricity tariff-as the resultant tariff increases would be unaffordable for the consumers. As part of the 2012/2013 medium term upgrading programme, funding of R4 000 000 from the Equitable Share Grant has been allocated to electricity infrastructure.

3.3.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is subsidized with an allocation from the equitable share grant of R1 067 520 Without this subsidy, the solid waste removal service will operate at a deficit. The main contributors to the high operational cost are cost of remuneration, bin liners, repairs and maintenance on vehicles, increases in fuel and solid waste contracts.

The municipality have implemented and monitor a recycling program in the community, to ensure that this service can be rendered in a sustainable manner over the medium to long term.

The waste removal tariffs are increased by 10 percent.

3.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/2013 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash backed reserves to fund any deficit;
- Funding of the budget over the medium term as informed by Section 18 and 19 of the MFMA;
- The Capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2012/2013 budget and MTREF (Classified per main type of operating expenditure):

3.4.1 Summary of operating expenditure by standard classification item

Description	Current Year 2011/2012			2012/2013 Medium Term Revenue and Expenditure		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +2 2014/2015
Expenditure by Type						
Employee related costs	55 755	52 330	52 330	58 777	63 563	68 391
Remuneration of councillors	11 798	12 051	12 051	12 774	13 541	14 353
Debt Impairment	564	1264	1264	1292	1322	1393
Depreciation & asset impairment	8 004	8 004	8 004	8 804	9 685	10 208
Finance charges	892	856	856	817	780	743
Bulk purchases	26 231	29 692	29 692	33 922	39 010	44 862
Contracted services	15 204	17 254	17 254	18 162	18 713	19 739
Transfers and grants	2 452	2 445	2 445	2 718	2 838	3 097
Other expenditure	57 665	58 257	58 257	57 585	63 975	72 231
Loss on disposal of PPE						
Total Expenditure	178 565	182 154	182 154	194 853	213 428	235 001

- The budget allocation for employee related costs for the 2012/2013 financial year totals R58 777 000, which equals 28.62 per cent of the total operating expenditure. Provision has been made for a 6% increase in salaries for 2012/2013 and the two outer years of the MTREF. Provision has been made for the following new positions:

Position	Total cost to Council
Senior town planner	392 700
Manager: Performance management	392 700
Cashier (Testing station)	89 380
Total	874 780

The above mentioned positions have been identified to address critical issues that have been highlighted in the 2010/2011 Auditor General's audit findings, and to improve service delivery at the testing station. It must be noted that no provision has been made for the Municipality's new staff structure.

- The cost associated with the remuneration of councilors is determined by the Minister of Co-Operative Governance and Traditional Affairs, in accordance with the remuneration of Public Bearers Act (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. An increase of 6% is budgeted for the increase for Councillor allowances.
- Provision for depreciation and asset impairments has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R8 804 000 for the 2012/2013 financial and equates to 4.19 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.
- Finance charges consist primarily of the repayment of interest on long term borrowing (cost of capital). Finance charges make up 0.39 per cent (R817 000) of operating expenditure excluding annual redemption for 2012/2013 and decreases to R743 000 by 2014/2015.
- Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure include distribution losses.
- Contracted services has been identified as a cost saving area for the municipality. As part of the compilation of the 2012/2013 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/2013 financial year, this group of expenditure totals R18 162 000 and has escalated by 5.26 per cent. For the two outer years growth has been limited to 3.03 and 5.48 per cent.

- Provision is made for the following contracted services:

	2011/2012	2012/2013	2013/2014	2014/2015
Animal pound facility	600 000	600 000	600 000	600 000
Archive storage	42 400	20 950	27 640	29 130
Bank collections	191 200	200 740	210 800	221 320
Cleaning	661 080	696 150	734 140	770 180
Computer maintenance	874 230	919 190	994 250	1 047 950
Grass cutting	1 228 750	1 358 710	1 425 400	1 495 420
Insurance	572 660	604 180	635 010	669 280
Internal audit	938 000	936 000	936 000	936 000
Mailing of monthly statements	175 000	184 450	194 780	205 300
Medical waste	30 660	16 100	-	-
Pauper burials	20 000	5 000	5 000	5 000
Performance management system	150 000	-	-	-
Pre paid electricity vending management system	82 850	86 990	91 340	96 270
Pre paid electricity vending: commission	146 150	154 040	162 670	171 450
Post employment report	25 000	25 500	30 000	30 500
Refuse removal contracts	3 889 420	4 576 410	5 004 530	5 455 800
Rental of land	294 190	316 200	-	-

Rental of office equipment	350 790	365 100	383 530	400 220
Security	4 247 050	4 646 060	4 881 720	5 125 800
Town planning	462 000	50 000	52 800	55 650
Traffic violation system	1 557 750	1 634 280	1 688 630	1 745 980
Valuation costs	402 000	432 910	300 000	300 000
Weigh bridge	313 000	333 350	355 020	378 090
TOTAL	17 254 180	18 162 310	18 713 260	19 739 420

- Security expenditure is made up as follows:

Office bearers	2 295 950
Mayor	491 630
Deputy Mayor	451 080
Speaker	451 080
Chief Whip	451 080
Councilors (x2)	450 000
Council buildings	1 818 370
Sportsfield	531 740
	4 646 060

- Provision is made for the following transfers and grants:

	2011/2012	2012/2013	2013/2014	2014/2015
Zululand Historical Museum	92 000	101 000	110 000	119 000
SPCA	105 000	110 000	115 000	120 000
Social Welfare	65 000	70 000	75 000	80 000
Tourism	175 000	180 000	185 000	190 000
Free Refuse	1 085 000	1 207 000	1 252 000	1 413 000
Free Electricity	923 000	1 050 000	1 102 000	1 157 000
TOTAL	2 445 000	2 718 000	2 839 000	3 080 000

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

- Other expenditure comprises of the following:

	2011/2012	2012/2013	2013/2014	2014/2015
Repairs and maintenance	12 301 950	8 548 250	10 976 630	13 392 100
Post retirement medical benefits & long service awards	1 061 900	1 115 370	1 171 740	1 240 420
General expenses	43 407 640	46 408 020	50 283 210	55 971 860
Contribution to staff leave	1 485 580	1 513 640	1 543 710	1 627 070
TOTAL	58 257 070	57 585 280	63 975 290	72 231 450

Provision is made for the following repairs and maintenance:

	20111/2012	2012/2013	2013/2014	2014/2015
Air-conditioning	30 000	20 000	25 000	30 000
Buildings	476 130	370 340	407 820	427 130
Electricity mains	781 480	865 840	914 320	963 690
Electricity sub stations	25 010	27 520	30 270	31 900
Fire extinguishers	40 000	20 000	20 000	20 000
Fuel and oil	1 470 270	1 511 380	1 592 140	1 678 120
Furniture, plant and equipment	141 270	136 500	152 360	160 590
Equitable share grants expenditure	7 050 000	3 400 000	5 600 000	7 725 280
Grounds	331 170	112 720	93 870	98 940
Information signs	7 000	8 000	9 000	9 490
Office equipment	59 000	58 880	58 780	61 940

Roads & Streets	686 300	659 120	691 890	729 250
Small plant and equipment	139 650	136 640	143 970	151 750
Speed testing equipment	20 920	20 920	20 920	22 050
Street lights	207 570	228 330	251 160	264 720
Traffic signs	27 700	29 090	30 540	32 190
Transport	786 050	849 450	894 040	942 320
Other	22 430	93 520	40 550	42 740
TOTAL	1 2301 950	8 548 250	10 976 630	13 392 100

Provision is made for the following general expenses:

	2011/2012	2012/2013	2013/2014	2014/2015
Advertising	360 000	379 440	400 690	422 330
Audit fees (Auditor General)	1 370 070	1 465 750	1 597 930	1 742 460
Bank charges	328 940	346 700	366 120	385 890
Bargaining Council levies	16 710	17 710	18 780	19 790
Bursaries	70 000	70 000	70 000	70 000
Chemicals	6 310	31 240	52 800	55 660
Civic expenses	130 000	137 020	144 690	152 500
Cleaning material	91 000	144 640	147 840	155 830
Conference and delegations	57 230	60 320	63 700	67 140
Community library services and expenditure	193 000	216 000	227 000	-
Council's communications	230 000	242 420	256 000	269 820
Entertainment expenses	125 820	131 820	139 200	146 700
Eskom: Other accounts	406 200	476 700	548 210	630 440
Establishment of pound grant expenditure	1 000 000	-	-	-
Expanded public works programme	-	1 000 000	-	-
Finance management grant expenditure	1 733 600	1 500 000	1 750 000	1 750 000
Equitable share grant expenditure	15 748 380	15 822 310	22 505 250	27 851 940
Gratuity payment: non returning councilors	793 890	-	-	-
Greenest Municipality grant Expenditure	400 000	-	-	-
Groundnut activities grant expenditure	500 000	-	-	-
Information signs: tourism	6 450	-	-	-
Integrated development plan review	100 000	-	-	-
Integrated rural electricity programme	-	15 000 000	12 000 000	12 000 000
Legal expenses	994 720	995 000	1 050 720	1 107 460
Library books	23 000	25 000	27 000	28 450
Library Cyber cadet grant	115 360	-	-	-
Licence fees	58 580	60 880	63 320	65 740
Loose tools	71 700	28 030	29 410	31 000
Medical supplies	168 000	88 200	-	-
Membership fees	353 530	470 220	505 500	547 130
Municipal systems improvement grant expenditure	1 319 440	800 000	900 000	950 000
Periodicals and publications	48 540	51 160	54 030	56 950
Postage	132 110	139 240	147 040	154 980
Printing and stationery	652 980	731 270	758 920	808 580
Project Management Unit Costs (MIG projects)	950 000	980 000	1 200 000	1 200 000
Property Rates		574 000	575 000	575 000
Publicity	66 300	69 860	73 730	77 720
Rates rebate	10 430 000	-	-	-
Refuse bin liners	404 520	426 360	450 240	474 550
Removal of slums	-	100 000	150 000	
Rental of buildings	29 040	29 040	29 040	30 610
Road marking	78 440	82 680	87 310	92 020
SABS:3% charge	36 970	38 820	40 760	42 960
Staff relocation costs	20 000	20 000	20 000	20 000

Subsistence & travel	909 580	818 660	864 510	911 190
Telephones costs	1 188 890	1 252 290	1 320 410	1 389 690
Training	612 000	503 250	525 880	498 880
Ward committees	150 000	50 000	50 000	50 000
Water & sanitation costs	659 430	730 360	746 160	786 440
Weed eradication	220 500	231 530	243 100	256 230
Others	46 410	70 100	82 910	95 780
TOTAL	43 407 640	46 408 020	50 283 210	55 971 860

3.5 Capital Budget

The following guidelines were applied in order to valuate and prioritize the capital projects:

- In line with the Council's revised IDP
- Carry over of previously approved projects
- Existing Council's resolutions, statutory requirements and services related benefits.
- Provision was made for the basic capital projects to be funded from the equitable share if actual cash is available.
- The departmental capital budget growth is 64.63 per cent.

The components of the capital budget are follows:

Description	Amount
Capital for departments	6 013 400
Municipal Infrastructure Grant Projects	26 051 000
Administration offices (Alpha control building)	1 750 000
Purchase of Propnet properties	2 100 000
King Dinuzulu sports park	12 000 000
Small business development: Eshowe taxi rank	3 500 000
TOTAL	R51 414 400

The Capital Budget is funded as follows:

Description	Amount
Equitable share grant	9 543 400
Municipal Infrastructure Grant	26 051 000
Department of Sport and Recreation	12 000 000
Own funds	3 820 000
TOTAL	R51 414 400

The capital for departments to be funded from the Council's Equitable Share are the following:

Description	Amount
Furniture & Equipment	1 468 400
Vehicles	1 940 000
Cemeteries	50 000
Buildings	8 120 000
Roads, Sidewalks & Stormwater	1 065 000
Electricity	720 000
TOTAL	13 363 400

The Municipal Infrastructure Grant Projects are the following:

Description	Amount
Mnqadayi sports field (Ward 26)	1 700 000
Ngodini crèche (Ward 26)	711 144
Lethukuthula crèche (Ward 24)	800 000
Matshamhlop road (Ward 4)	1 480 328
Internal roads KDS human settlement (Ward 12)	3 518 289
Butcher street (Ward 11)	2 892 226
Ohhahheni road (Ward 22)	1 897 345
Nogobhoza road (Ward 15)	5 097 122
Rehabiliation of Eshowe landfill site	7 054 546
Retention monies	900 000
Total	R26 051 000

The capital budget will be spent on the following categories of assets:

Description	Amount	%
Infrastructure : Roads	16 750 310	32%
Electricity	720 000	1%
Other	11 224 546	22%
Investment properties	2 100 000	4%
Community assets	17 211 144	33%
Other assets	3 408 400	8%
Total capital expenditure	51 414 400	100%

3.6 Financial position of Council

The accumulated surplus of the Council was R169 200 000 as at 30 June 2011. Unfortunately this amount is not cash backed. The surplus for the 2011/2012 and next three years is projected as follows:

2011/2012- R116 000
2012/2013- R 44 000
2013/2014- R 48 000
2014/2015- R 19 000

3.7 Alignment with National Priorities

3.7.1 In preparing the draft budget, government's 12 outcomes were taken into account.

These outcomes are:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant, equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A response and, accountable, effective and efficient local government system.
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and world
- A development orientated public service and inclusive citizenship

These objectives are directly relevant to the municipality. The challenge for the municipality is do more within its existing resource envelope.

3.8 The Municipality's role in employment creation

" Employment is central to human dignity, sustainable economic development and social cohesion. Creating jobs and increasing employment is South Africa's most critical objective.

While there are many policy options to consider, emphasis should be placed on removing the structural impediments to faster job growth. This means aligning real wage growth with productivity, speeding up regulatory reform to ensure that young and less skilled workers can access the job market, and ensuring that further education and training programmes provide the real world skills needed by public and private sector employers. Public employment to support service delivery, and public works projects that draw in lower skilled workers, will continue to play an important role. The issue of youth unemployment is imperative and needs to be confronted directly."

Chapter 12 of the Local Government Budget and Expenditure review 2008 analysed the extent to which municipalities were supporting job creation. It is noted that:

" Many activities performed by municipalities lend themselves to providing job opportunities for low and unskilled labour. As indicated, municipalities face critical choices in this regard, whether to adopt capital intensive approaches or labour intensive approaches... Anecdotal information suggests that generally municipalities are inclined to adopt capital intensive approaches. The mechanization of grass cutting, street sweeping, ditch digging, road maintenance and a host of other activities points in this direction. Of course there is balance between job creation, efficiency and cost. This needs to be managed and in each instance the appropriate technology for the task needs to be decided upon, with a bias towards labour intensive approaches. The challenge is to mainstream the labour intensive approaches that are being used in the EPWP projects into the normal way municipalities go about their business of delivering services."

The Council will explore how it can contribute to job creation when revising the IDP and preparing the 2012/2013 budget. However, the Council will not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The Council will focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate
- Ensuring that service providers use labour intensive approaches.
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programmes; and
- Implementing interns programmes to provide young people with on the job training.

With reference to employment creation, provision is made for the following:

- Contractors that are appointed for Municipal Infrastructure Grant (MIG) projects, are encouraged to make use of local labour;
- R1 429 750 from the equitable share is allocated for LED projects;
- R3 871 740 from the equitable share is allocated for work creation projects;
- The Municipality has received a R1 000 000 grant to participate in the Extended Public Works Programme, and
- The Council has appointed five financial interns.

3.9 Key amendments to budget –related policies

3.9.1 Rates Policy

3.9.1.1 Pensioners, physically and mentally disabled persons:

- For pensioners, physically and mentally disabled persons, a rebate will be granted to owners of rate-able property as follows:
  <u>40 per cent rebate</u>

  (i) A single person receiving a total income of R5 100 per month or less
  (ii) A married couple receiving a joint monthly income of R6 360 per month or less

  <u>20 per cent rebate</u>

  (i) A single person receiving a total income of R5 101 per month or more
  (II) A married couple receiving a joint monthly income of R6 361 per month or more

3.9.1.2 Remove 20% rebate for government properties.

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KZN284 uMlalazi - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	27 352	32 047	41 545	40 036	39 044	39 044	39 044	30 555	32 764	34 736
Service charges	29 241	38 025	44 019	55 335	51 378	51 378	51 378	57 436	66 593	77 256
Investment revenue	566	393	635	350	650	650	650	650	650	650
Transfers recognised - operational	41 744	46 110	57 516	70 778	79 137	79 137	79 137	92 955	98 481	107 031
Other own revenue	11 597	10 792	11 720	12 236	12 061	12 061	12 061	13 302	14 988	15 347
Total Revenue (excluding capital transfers and contributions)	110 499	127 368	155 434	178 736	182 270	182 270	182 270	194 897	213 476	235 020
Employee costs	36 546	44 285	49 867	55 755	52 330	52 330	52 330	58 777	63 563	68 392
Remuneration of councillors	9 871	10 565	10 954	11 798	12 051	12 051	12 051	12 774	13 541	14 353
Depreciation & asset impairment	5 603	7 265	7 037	8 004	8 004	8 004	8 004	8 804	9 685	10 208
Finance charges	43	149	643	892	856	856	856	817	780	743
Materials and bulk purchases	14 815	17 812	25 780	26 231	29 692	29 692	29 692	33 922	39 010	44 862
Transfers and grants	306	335	2 074	2 452	2 445	2 445	2 445	2 718	2 839	3 080
Other expenditure	46 509	51 670	63 727	73 434	76 776	76 776	76 776	77 040	84 011	93 364
Total Expenditure	113 692	132 081	160 082	178 565	182 154	182 154	182 154	194 853	213 428	235 001
Surplus/(Deficit)	(3 193)	(4 713)	(4 647)	171	116	116	116	44	48	19
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributions recognised - capital & contribute assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(3 193)	(4 713)	(4 647)	171	116	116	116	44	48	19
Share of surplus/ (deficit) of associat	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(3 193)	(4 713)	(4 647)	171	116	116	116	44	48	19
Capital expenditure & funds sources										
Capital expenditure	23 690	46 546	23 409	33 318	39 237	39 237	39 237	51 414	36 799	35 989
Transfers recognised - capital	18 905	41 056	23 409	33 318	39 237	39 237	39 237	47 594	36 799	35 989
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	5 490	–	–	–	–	–	–	–	–
Internally generated funds	4 785	–	–	–	–	–	–	3 820	–	–
Total sources of capital funds	23 690	46 546	23 409	33 318	39 237	39 237	39 237	51 414	36 799	35 989
Financial position										
Total current assets	40 103	41 562	48 492	26 432	28 058	43 113	43 113	39 263	41 505	40 926
Total non current assets	203 792	249 136	416 922	391 639	400 010	400 479	400 479	417 096	413 714	406 479
Total current liabilities	26 949	32 563	33 916	16 815	16 372	24 334	24 334	22 088	21 903	22 539
Total non current liabilities	10 681	18 421	24 523	14 745	14 248	27 265	27 265	26 153	23 616	26 581
Community wealth/Equity	206 265	239 714	406 975	386 512	397 448	391 993	391 993	407 868	409 451	398 035
Cash flows										
Net cash from (used) operating	18 896	48 934	19 485	33 309	33 072	36 901	36 901	50 874	37 593	36 782
Net cash from (used) investing	(20 157)	(46 295)	(21 312)	(33 098)	(32 750)	(38 660)	(38 660)	(51 217)	(36 602)	(35 792)
Net cash from (used) financing	439	3 178	2 449	(336)	(336)	(153)	(153)	(183)	(183)	(153)
Cash/cash equivalents at the year enc	(2 307)	3 510	4 132	297	3 903	2 006	2 006	1 479	2 287	3 124
Cash backing/surplus reconciliation										
Cash and investments available	13 681	18 951	21 158	11 442	14 740	17 322	17 322	14 682	17 542	17 961
Application of cash and investments	7 853	22 528	24 498	13 572	21 885	16 568	16 568	12 137	11 245	13 847
Balance - surplus (shortfall)	5 828	(3 577)	(3 340)	(2 130)	(7 145)	754	754	2 545	6 297	4 114
Asset management										
Asset register summary (WDV)	202 810	248 177	415 464	390 650	399 011	399 011	415 625	415 625	412 240	405 002
Depreciation & asset impairment	5 603	7 265	7 037	8 004	8 004	8 004	8 804	8 804	9 685	10 208
Renewal of Existing Assets	2 483	1 863	1 357	20 120	3 197	3 197	3 197	10 314	19 189	4 683
Repairs and Maintenance	6 671	5 097	5 505	12 374	12 302	12 302	8 548	8 548	10 977	13 392
Free services										
Cost of Free Basic Services provided	–	–	–	–	2 007	2 007	189	189	196	214
Revenue cost of free services provided	7 709	12 836	12 836	11 237	12 520	12 520	13 572	13 572	13 222	14 141
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	474	461	583	584	1	1	1	1	1	1
Refuse:	0	0	0	0	–	–	–	–	–	–

KZN284 uMlalazi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
Governance and administration		58 931	62 460	82 417	81 226	92 468	92 468	87 160	91 319	97 336
Executive and council		56 841	60 254	80 147	78 472	89 786	89 786	84 720	88 641	94 668
Budget and treasury office		1 815	2 072	2 193	2 607	2 455	2 455	2 191	2 412	2 384
Corporate services		275	134	77	147	227	227	249	267	284
Community and public safety		13 898	17 192	15 954	22 563	20 444	20 444	14 699	20 763	24 014
Community and social services		255	1 282	1 478	4 379	4 089	4 089	2 623	5 626	6 223
Sport and recreation		1 521	1 964	2 372	4 599	4 969	4 969	2 586	3 272	3 561
Public safety		3 412	4 312	4 230	5 430	5 061	5 061	5 970	7 521	7 557
Housing		3 657	4 251	1 252	2 160	147	147	1 154	2 122	3 973
Health		5 053	5 383	6 622	5 996	6 178	6 178	2 365	2 221	2 701
Economic and environmental services		5 746	6 760	8 331	11 380	11 761	11 761	12 435	13 165	14 845
Planning and development		364	658	808	1 481	1 624	1 624	2 269	1 505	1 522
Road transport		5 381	6 102	7 523	9 899	10 136	10 136	10 166	11 660	13 323
Trading services		31 924	40 955	48 732	63 567	57 597	57 597	80 604	88 229	98 826
Electricity		26 404	33 782	39 422	53 714	47 834	47 834	70 020	77 016	86 911
Waste water management		1	2	2	1	2	2	1	1	1
Waste management		5 520	7 171	9 308	9 852	9 761	9 761	10 583	11 213	11 914
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	110 499	127 368	155 434	178 736	182 270	182 270	194 897	213 476	235 020
Expenditure - Standard										
Governance and administration		44 393	49 960	61 509	62 802	67 503	67 503	59 182	65 734	71 327
Executive and council		36 074	40 042	50 472	50 186	54 891	54 891	43 752	48 532	53 170
Budget and treasury office		4 956	6 304	7 101	8 231	8 354	8 354	10 652	11 757	12 423
Corporate services		3 363	3 614	3 936	4 386	4 259	4 259	4 779	5 445	5 734
Community and public safety		27 464	31 982	34 450	41 841	41 315	41 315	39 103	43 917	49 808
Community and social services		2 382	3 905	4 354	6 343	6 384	6 384	5 188	7 302	8 057
Sport and recreation		6 022	6 498	8 221	10 443	10 221	10 221	9 358	10 922	12 261
Public safety		9 153	10 714	13 027	14 861	16 817	16 817	17 405	19 003	20 314
Housing		3 633	4 241	1 200	2 144	144	144	1 131	2 093	3 941
Health		6 274	6 624	7 649	8 049	7 750	7 750	6 020	4 597	5 236
Economic and environmental services		8 961	10 261	12 583	17 208	16 702	16 702	18 374	19 572	21 686
Planning and development		1 339	1 795	2 021	3 025	2 941	2 941	3 898	3 298	3 424
Road transport		7 622	8 466	10 563	14 183	13 762	13 762	14 476	16 274	18 263
Trading services		32 536	39 584	51 199	56 175	56 111	56 111	77 706	83 644	91 574
Electricity		25 095	29 098	39 300	44 294	43 954	43 954	63 889	68 344	75 001
Waste water management		285	383	334	407	408	408	444	492	525
Waste management		7 157	10 102	11 565	11 474	11 749	11 749	13 373	14 807	16 047
Other	4	338	293	340	539	522	522	488	563	605
Total Expenditure - Standard	3	113 692	132 080	160 082	178 565	182 154	182 154	194 853	213 428	235 001
Surplus/(Deficit) for the year		(3 193)	(4 713)	(4 647)	171	116	116	44	48	19

KZN284 uMlalazi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		56 841	60 254	80 147	78 472	89 786	89 786	84 720	88 641	94 668
Vote 2 - BUDGET AND TREASURY OFFICE		1 815	2 072	2 193	2 607	2 455	2 455	2 191	2 412	2 384
Vote 3 - CORPORATE SERVICES		330	1 161	1 183	2 701	2 481	2 481	1 053	2 625	3 068
Vote 4 - PLANNING AND DEVELOPMENT		364	658	808	1 481	1 624	1 624	2 269	1 505	1 522
Vote 5 - HEALTH		5 053	5 383	6 622	5 996	6 178	6 178	2 365	2 221	2 701
Vote 6 - COMMUNITY AND SOCIAL SERVICES		200	255	372	1 825	1 836	1 836	1 819	3 268	3 438
Vote 7 - HOUSING		3 657	4 251	1 252	2 160	147	147	1 154	2 122	3 973
Vote 8 - PUBLIC SAFETY		3 412	4 312	4 230	5 430	5 061	5 061	5 970	7 521	7 557
Vote 9 - SPORTS AND RECREATION		1 521	1 964	2 372	4 599	4 969	4 969	2 586	3 272	3 561
Vote 10 - WASTE MANAGEMENT		5 520	7 173	9 310	9 853	9 763	9 763	10 584	11 214	11 915
Vote 11 - ROAD TRANSPORT		5 381	6 102	7 523	9 899	10 136	10 136	10 166	11 660	13 323
Vote 12 - ELECTRICITY		26 404	33 782	39 422	53 714	47 834	47 834	70 020	77 016	86 911
Vote 13 - AIR TRANSPORT		–	–	–	–	–	–	–	–	–
Vote 14 - WORKSHOP		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	110 499	127 368	155 434	178 736	182 270	182 270	194 897	213 476	235 020
Expenditure by Vote *to be appropriated*	1									
Vote 1 - EXECUTIVE AND COUNCIL		36 074	40 042	50 472	50 186	54 891	54 891	43 752	48 532	53 170
Vote 2 - BUDGET AND TREASURY OFFICE		4 956	6 304	7 101	8 231	8 354	8 354	10 652	11 757	12 423
Vote 3 - CORPORATE SERVICES		4 357	5 551	6 111	8 215	7 813	7 813	7 053	9 438	10 260
Vote 4 - PLANNING AND DEVELOPMENT		1 339	1 795	2 021	3 025	2 941	2 941	3 898	3 298	3 424
Vote 5 - HEALTH		6 274	6 624	7 649	8 049	7 750	7 750	6 020	4 597	5 236
Vote 6 - COMMUNITY AND SOCIAL SERVICES		1 388	1 968	2 178	2 514	2 829	2 829	2 914	3 310	3 530
Vote 7 - HOUSING		3 633	4 241	1 200	2 144	144	144	1 131	2 093	3 941
Vote 8 - PUBLIC SAFETY		9 153	10 714	13 027	14 861	16 817	16 817	17 405	19 003	20 314
Vote 9 - SPORTS AND RECREATION		6 022	6 498	8 221	10 443	10 221	10 221	9 358	10 922	12 261
Vote 10 - WASTE MANAGEMENT		7 442	10 486	11 899	11 881	12 157	12 157	13 817	15 299	16 573
Vote 11 - ROAD TRANSPORT		7 622	8 466	10 563	14 183	13 762	13 762	14 476	16 274	18 263
Vote 12 - ELECTRICITY		25 095	29 098	39 300	44 294	43 954	43 954	63 889	68 344	75 001
Vote 13 - AIR TRANSPORT		14	9	9	11	11	11	12	12	13
Vote 14 - WORKSHOP		324	284	332	528	511	511	477	550	592
Total Expenditure by Vote	2	113 692	132 080	160 082	178 565	182 154	182 154	194 853	213 428	235 001
Surplus/(Deficit) for the year	2	(3 193)	(4 713)	(4 647)	171	116	116	44	48	19

KZN284 uMlalazi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	26 432	31 005	40 566	38 920	38 378	38 378	38 378	29 921	32 163	34 165
Property rates - penalties & collection charges		920	1 042	979	1 116	667	667	667	633	602	572
Service charges - electricity revenue	2	24 475	32 722	37 885	48 171	44 042	44 042	44 042	49 366	57 717	67 492
Service charges - refuse revenue	2	4 766	5 303	6 134	7 165	7 336	7 336	7 336	8 070	8 876	9 764
Rental of facilities and equipment		775	1 447	1 358	1 335	1 540	1 540	1 540	1 235	1 303	1 374
Interest earned - external investments		566	393	635	350	650	650	650	650	650	650
Fines		2 303	3 709	3 375	3 904	3 396	3 396	3 396	4 906	6 236	6 217
Licences and permits		5	2 320	3 140	3 060	3 298	3 298	3 298	3 468	3 649	3 846
Transfers recognised - operational		41 744	46 110	57 516	70 778	79 137	79 137	79 137	92 955	98 481	107 031
Other revenue	2	7 799	3 263	3 175	3 738	3 240	3 240	3 240	3 493	3 600	3 710
Gains on disposal of PPE		715	53	671	200	588	588	588	200	200	200
Total Revenue (excluding capital transfers and contributions)		110 499	127 368	155 434	178 736	182 270	182 270	182 270	194 897	213 476	235 020
Expenditure By Type											
Employee related costs	2	36 546	44 285	49 867	55 755	52 330	52 330	52 330	58 777	63 563	68 392
Remuneration of councillors		9 871	10 565	10 954	11 798	12 051	12 051	12 051	12 774	13 541	14 353
Debt impairment	3			1 226	564	1 264	1 264	1 264	1 292	1 322	1 393
Depreciation & asset impairment	2	5 603	7 265	7 037	8 004	8 004	8 004	8 004	8 804	9 685	10 208
Finance charges		43	149	643	892	856	856	856	817	780	743
Bulk purchases	2	14 815	17 812	25 780	26 231	29 692	29 692	29 692	33 922	39 010	44 862
Contracted services		9 249	11 175	12 891	15 204	17 254	17 254	17 254	18 162	18 713	19 739
Transfers and grants		306	335	2 074	2 452	2 445	2 445	2 445	2 718	2 839	3 080
Other expenditure	4, 5	37 260	40 487	49 610	57 665	58 257	58 257	58 257	57 585	63 975	72 231
Loss on disposal of PPE		–	8	–	–	–	–	–	–	–	–
Total Expenditure		113 692	132 081	160 082	178 565	182 154	182 154	182 154	194 853	213 428	235 001
Surplus/(Deficit)		(3 193)	(4 713)	(4 647)	171	116	116	116	44	48	19
Transfers recognised - capital											
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(3 193)	(4 713)	(4 647)	171	116	116	116	44	48	19
Taxation											
Surplus/(Deficit) after taxation		(3 193)	(4 713)	(4 647)	171	116	116	116	44	48	19
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(3 193)	(4 713)	(4 647)	171	116	116	116	44	48	19
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(3 193)	(4 713)	(4 647)	171	116	116	116	44	48	19

TABLE A4 BUDGETED FINANCIAL PERFORMANCE (REVENUE)	
2012/2013 MTREF	
DESCRIPTION	BUDGET YEAR 2012/2013 R'000
REVENUE BY SOURCE	
PROPERTY RATES	29921
SERVICE CHARGES : ELECTRICITY	49366
SERVICE CHARGES : REFUSE	8070
TRANSFERS RECOGNISED	92955
OTHER REVENUE	14585
TOTAL REVENUE	194897

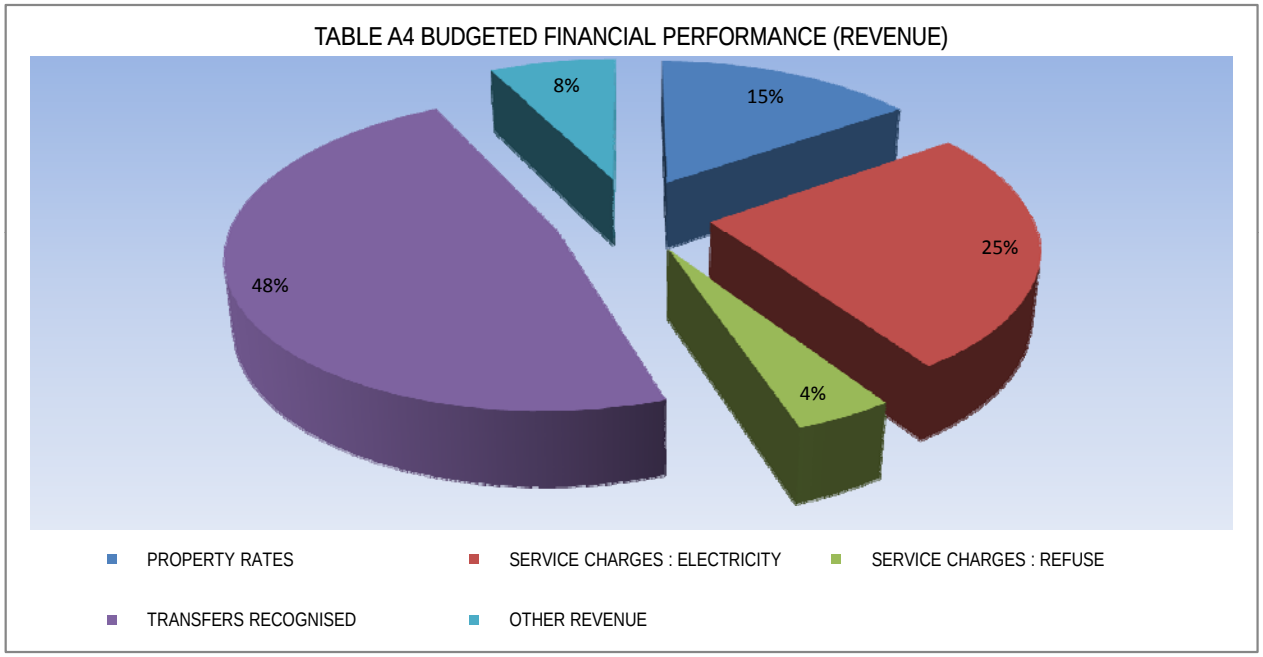
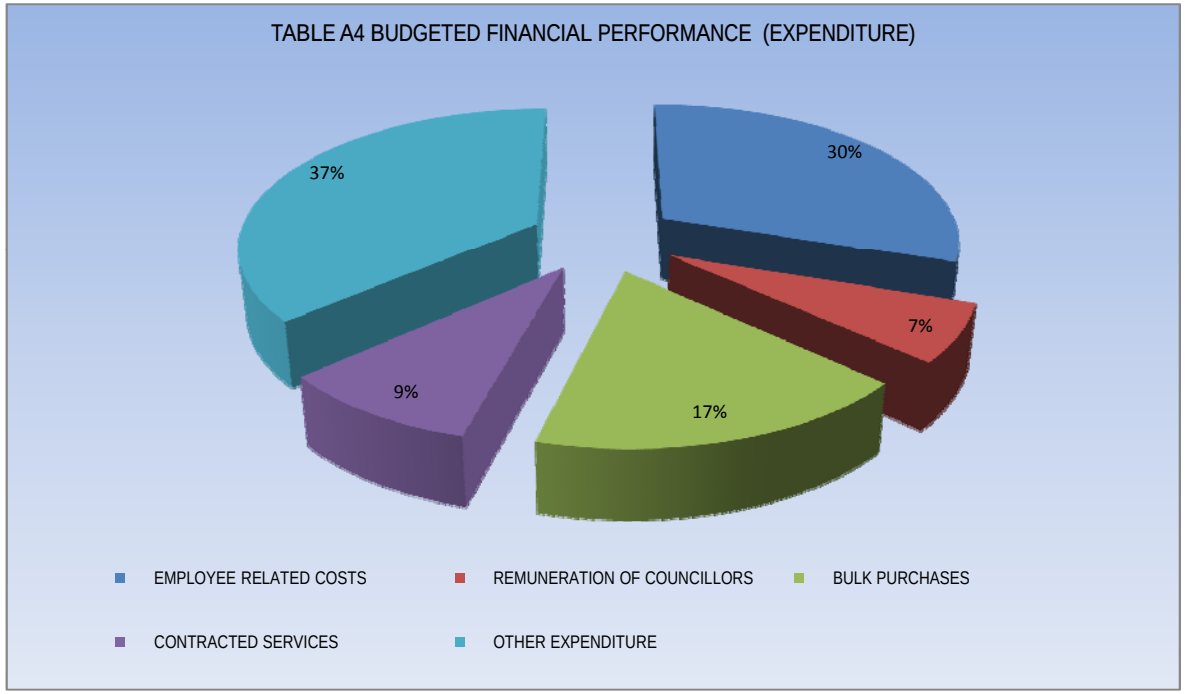


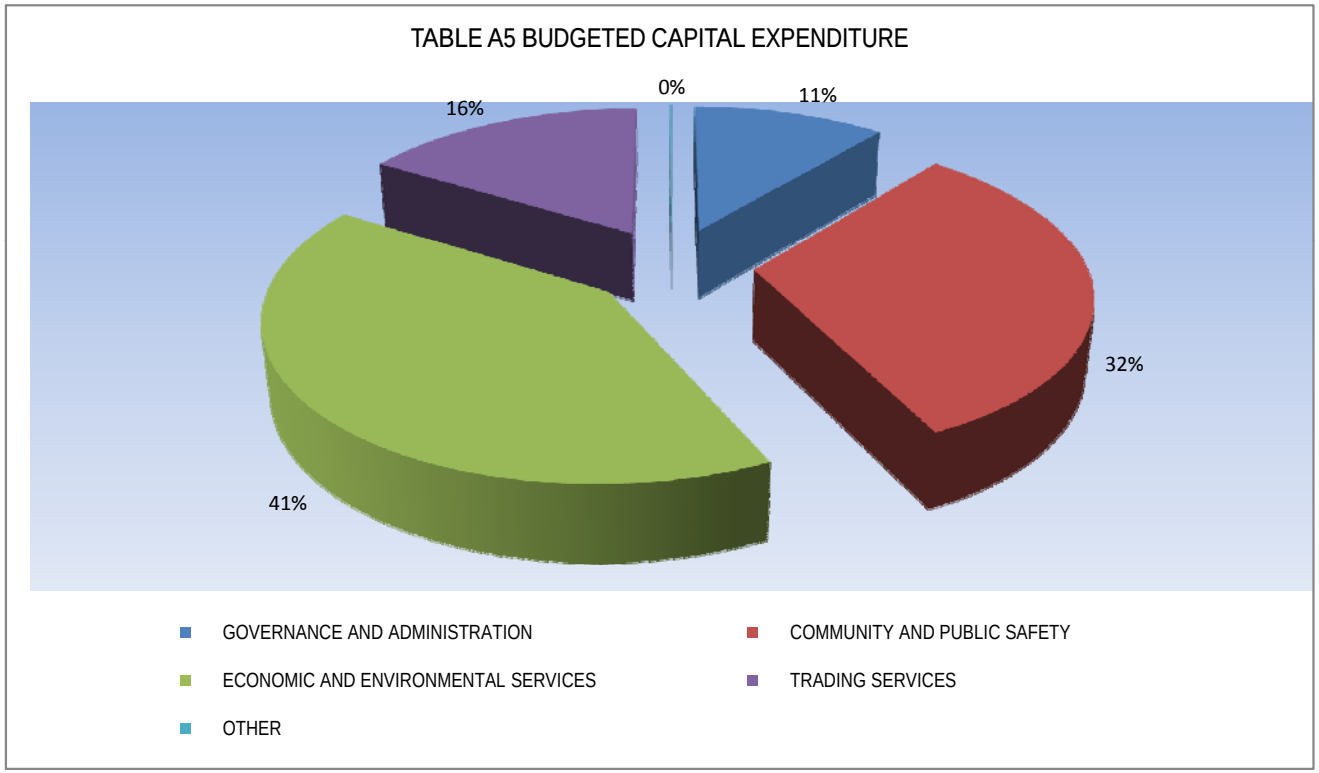
TABLE A4 BUDGETED FINANCIAL PERFORMANCE (EXPENDITURE)	
2012/2013 MTREF	
DESCRIPTION	BUDGET YEAR 2012/2013 R'000
EXPENDITURE BY TYPE	
EMPLOYEE RELATED COSTS	58777
REMUNERATION OF COUNCILLORS	12774
BULK PURCHASES	33922
CONTRACTED SERVICES	18162
OTHER EXPENDITURE	71217
TOTAL EXPENDITURE	194853



KZN284 uMlalazi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE AND COUNCIL		45	278	2 072	79	81	81	81	324	56	38
Vote 2 - BUDGET AND TREASURY OFFICE		290	116	228	609	709	709	709	279	458	614
Vote 3 - CORPORATE SERVICES		721	308	1 087	2 685	1 088	1 088	1 088	5 060	2 150	490
Vote 4 - PLANNING AND DEVELOPMENT		17	52	28	225	164	164	164	–	80	–
Vote 5 - HEALTH		–	23	126	120	120	120	120	20	10	10
Vote 6 - COMMUNITY AND SOCIAL SERVICES		5 082	2 404	2 834	1 673	2 238	2 238	2 238	1 616	420	1 337
Vote 8 - PUBLIC SAFETY		1 568	2 002	664	892	892	892	892	540	1 405	395
Vote 9 - SPORTS AND RECREATION		4 124	3 337	2 237	2 728	3 447	3 447	3 447	14 210	1 631	6 517
Vote 10 - WASTE MANAGEMENT		1 264	8 843	4 257	280	372	372	372	7 535	3 610	200
Vote 11 - ROAD TRANSPORT		10 398	26 781	8 289	22 693	28 808	28 808	28 808	20 991	23 736	24 486
Vote 12 - ELECTRICITY		177	2 374	1 548	1 289	1 289	1 289	1 289	800	3 243	1 643
Vote 13 - AIR TRANSPORT		–	–	–	–	–	–	–	–	–	–
Vote 14 - WORKSHOP		4	30	37	45	30	30	30	40	–	260
Total Capital Expenditure - Vote		23 690	46 546	23 409	33 318	39 237	39 237	39 237	51 414	36 799	35 989
Capital Expenditure - Standard											
Governance and administration		1 056	702	3 388	3 373	1 878	1 878	1 878	5 663	2 664	1 142
Executive and council		45	278	2 072	79	81	81	81	324	56	38
Budget and treasury office		290	116	228	609	709	709	709	279	458	614
Corporate services		721	308	1 087	2 685	1 088	1 088	1 088	5 060	2 150	490
Community and public safety		10 775	7 766	5 862	5 413	6 697	6 697	6 697	16 386	3 466	8 258
Community and social services		5 082	2 404	2 834	1 673	2 238	2 238	2 238	1 616	420	1 337
Sport and recreation		4 124	3 337	2 237	2 728	3 447	3 447	3 447	14 210	1 631	6 517
Public safety		1 568	2 002	664	892	892	892	892	540	1 405	395
Health		–	23	126	120	120	120	120	20	10	10
Economic and environmental services		10 414	26 832	8 316	22 918	28 972	28 972	28 972	20 991	23 816	24 486
Planning and development		17	52	28	225	164	164	164	–	80	–
Road transport		10 398	26 781	8 289	22 693	28 808	28 808	28 808	20 991	23 736	24 486
Trading services		1 441	11 217	5 805	1 569	1 660	1 660	1 660	8 335	6 853	1 843
Electricity		177	2 374	1 548	1 289	1 289	1 289	1 289	800	3 243	1 643
Waste management		1 264	8 843	4 257	280	372	372	372	7 535	3 610	200
Other		4	30	37	45	30	30	30	40	–	260
Total Capital Expenditure - Standard	3	23 690	46 546	23 409	33 318	39 237	39 237	39 237	51 414	36 799	35 989
Funded by:											
National Government		18 905	41 010	23 409	33 318	39 237	39 237	39 237	47 594	36 799	35 989
Provincial Government											
District Municipality			47								
Other transfers and grants											
Transfers recognised - capital	4	18 905	41 056	23 409	33 318	39 237	39 237	39 237	47 594	36 799	35 989
Public contributions & donations	5										
Borrowing	6		5 490								
Internally generated funds		4 785							3 820		
Total Capital Funding	7	23 690	46 546	23 409	33 318	39 237	39 237	39 237	51 414	36 799	35 989

TABLE A5 BUDGETED CAPITAL EXPENDITURE BY STANDARD CLASSIFICATION	
2012/2013 MTREF	
DESCRIPTION	BUDGET YEAR 2012/2013 R'000
GOVERNANCE AND ADMINISTRATION	5 663
COMMUNITY AND PUBLIC SAFETY	16 386
ECONOMIC AND ENVIRONMENTAL SERVICES	20 991
TRADING SERVICES	8 335
OTHER	40
TOTAL EXPENDITURE	51 414



KZN284 uMlalazi - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		26	3 510	4 132	614	3 903	3 145	3 145	1 479	2 287	3 124
Call investment deposits	1	15 987	15 440	17 025	10 827	10 827	14 176	14 176	13 202	15 254	14 836
Consumer debtors	1	21 170	19 790	21 972	12 025	10 787	20 807	20 807	20 077	19 261	18 602
Other debtors		1 067	794	3 424	422	422	3 181	3 181	2 635	2 822	2 482
Current portion of long-term receivables		23	19	22	19	19	20	20	20	20	20
Inventory	2	1 830	2 009	1 917	2 525	2 100	1 784	1 784	1 850	1 861	1 862
Total current assets		40 103	41 562	48 492	26 432	28 058	43 113	43 113	39 263	41 505	40 926
Non current assets											
Long-term receivables		981	958	1 457	989	989	1 467	1 467	1 470	1 473	1 476
Investments		1	1	1	1	10	1	1	1	1	1
Investment property		5 931	6 735	8 601	10 321	11 821	11 821	11 821	15 421	16 921	18 421
Property, plant and equipment	3	196 879	241 419	406 814	380 319	387 190	387 190	387 190	400 199	395 302	386 548
Intangible		–	23	49	9	–	–	–	5	18	34
Total non current assets		203 792	249 136	416 922	391 639	400 010	400 479	400 479	417 096	413 714	406 479
TOTAL ASSETS		243 895	290 698	465 414	418 072	428 068	443 592	443 592	456 359	455 220	447 405
LIABILITIES											
Current liabilities											
Bank overdraft	1	2 333	–	–	–	–	–	–	–	–	–
Borrowing	4	79	170	343	346	346	343	343	343	343	343
Consumer deposits		728	776	979	1 017	1 017	1 169	1 169	1 329	1 489	1 679
Trade and other payables	4	23 272	29 132	29 267	12 943	12 500	18 850	18 850	15 760	14 661	14 300
Provisions		537	2 485	3 327	2 509	2 509	3 972	3 972	4 656	5 410	6 217
Total current liabilities		26 949	32 563	33 916	16 815	16 372	24 334	24 334	22 088	21 903	22 539
Non current liabilities											
Borrowing		717	3 755	5 828	6 233	5 482	5 485	5 485	5 142	4 799	4 456
Provisions		9 964	14 666	18 695	8 512	8 766	21 780	21 780	21 011	18 817	22 125
Total non current liabilities		10 681	18 421	24 523	14 745	14 248	27 265	27 265	26 153	23 616	26 581
TOTAL LIABILITIES		37 630	50 984	58 439	31 560	30 620	51 599	51 599	48 241	45 519	49 120
NET ASSETS	5	206 265	239 714	406 975	386 512	397 448	391 993	391 993	408 118	409 701	398 285
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		125 843	154 593	169 200	281 543	216 805	221 243	221 243	256 456	290 353	335 012
Reserves	4	80 422	85 121	237 775	104 969	180 643	170 750	170 750	151 662	119 348	63 273
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	206 265	239 714	406 975	386 512	397 448	391 993	391 993	408 118	409 701	398 285

KZN284 uMlalazi - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		81 550	85 536	89 715	148 942	92 855	90 661	90 661	97 750	118 499	124 976
Government - operating	1	41 744	46 110	57 516	75 738	79 137	79 137	79 137	92 955	98 481	107 031
Government - capital	1	20 428	34 364	21 843	22 284	33 318	39 237	39 237	51 414	36 799	35 989
Interest		1 314	896	1 074	350	650	650	650	650	650	650
Dividends											
Payments											
Suppliers and employees		(125 652)	(117 488)	(149 621)	(212 696)	(172 032)	(169 482)	(169 482)	(188 360)	(213 217)	(228 041)
Finance charges		(182)	(149)	(643)	(892)	(856)	(856)	(856)	(817)	(780)	(743)
Transfers and Grants	1	(306)	(335)	(399)	(417)	–	(2 445)	(2 445)	(2 718)	(2 839)	(3 080)
NET CASH FROM/(USED) OPERATING ACTIVITIES		18 896	48 934	19 485	33 309	33 072	36 901	36 901	50 874	37 593	36 782
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2 294	228	730	200	588	587	587	200	200	200
Decrease (Increase) in non-current debtors		1	23	(499)			(10)	(10)	(3)	(3)	(3)
Decrease (increase) other non-current receivables					(10)	(20)		–			
Decrease (increase) in non-current investments								–			
Payments											
Capital assets		(22 452)	(46 546)	(21 543)	(33 288)	(33 318)	(39 237)	(39 237)	(51 414)	(36 799)	(35 989)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(20 157)	(46 295)	(21 312)	(33 098)	(32 750)	(38 660)	(38 660)	(51 217)	(36 602)	(35 792)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								–			
Borrowing long term/refinancing		716	3 209	2 575				–			
Increase (decrease) in consumer deposits		(50)	48	203	10	10	190	190	160	160	190
Payments											
Repayment of borrowing		(227)	(79)	(329)	(346)	(346)	(343)	(343)	(343)	(343)	(343)
NET CASH FROM/(USED) FINANCING ACTIVITIES		439	3 178	2 449	(336)	(336)	(153)	(153)	(183)	(183)	(153)
NET INCREASE/ (DECREASE) IN CASH HELD		(822)	5 817	622	(125)	(14)	(1 911)	(1 911)	(526)	808	837
Cash/cash equivalents at the year begin	2	(1 485)	(2 307)	3 510	422	3 917	3 917	3 917	2 006	1 479	2 287
Cash/cash equivalents at the year end	2	(2 307)	3 510	4 132	297	3 903	2 006	2 006	1 479	2 287	3 124

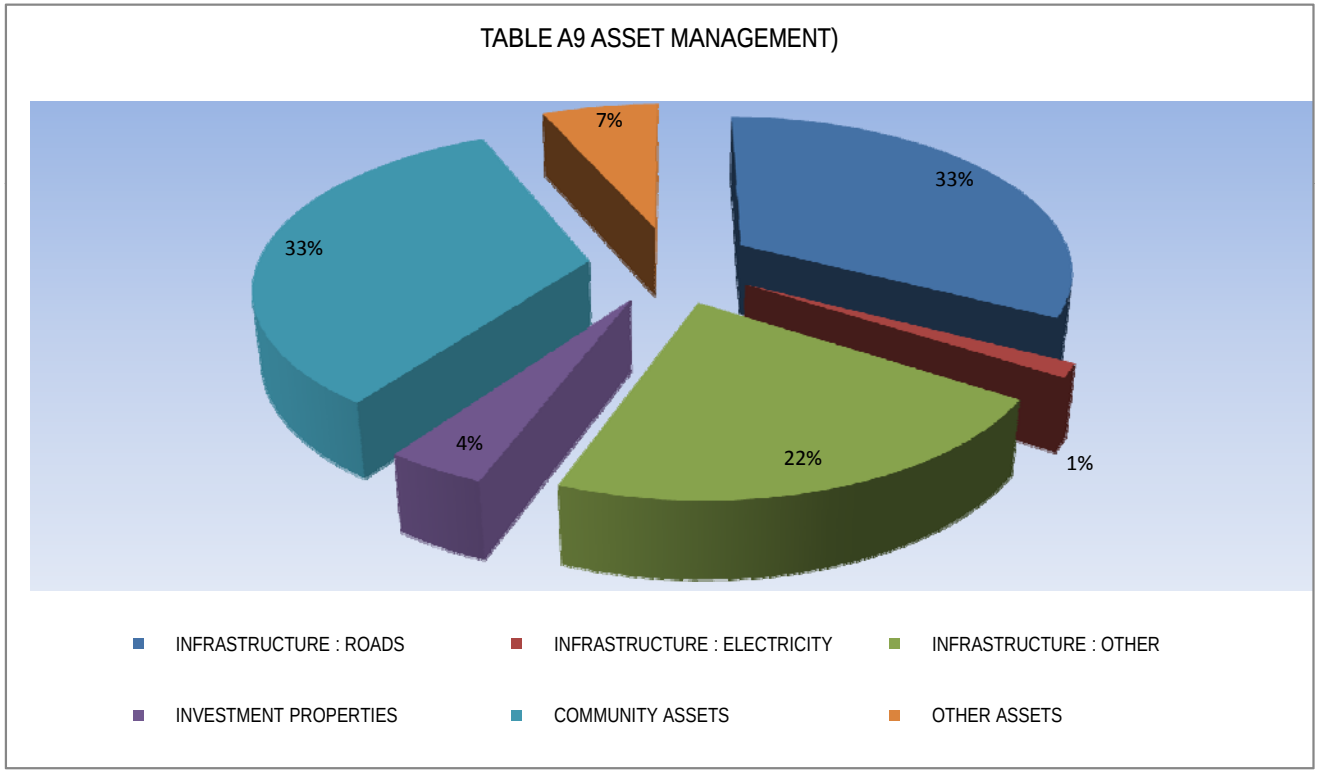
KZN284 uMlalazi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	(2 307)	3 510	4 132	297	3 903	2 006	2 006	1 479	2 287	3 124
Other current investments > 90 days		15 987	15 440	17 025	11 144	10 827	15 315	15 315	13 202	15 254	14 836
Non current assets - Investments	1	1	1	1	1	10	1	1	1	1	1
Cash and investments available:		13 681	18 951	21 158	11 442	14 740	17 322	17 322	14 682	17 542	17 961
Application of cash and investments											
Unspent conditional transfers		7 738	14 111	16 032	5 825	5 500	8 016	8 016	5 611	6 172	6 481
Unspent borrowing		717	3 755	5 828	6 233	5 482	5 485	5 485	5 142	4 799	4 456
Statutory requirements	2	350	386	1 547	–		1 200	1 200	900	1 100	1 000
Other working capital requirements	3	(12 878)	(8 166)	(13 248)	(11 666)	(4 616)	(13 015)	(13 015)	(14 534)	(17 065)	(15 357)
Other provisions		537	603	820	–	2 000	850	850	830	820	810
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	11 389	11 839	13 519	13 180	13 519	14 032	14 032	14 438	15 669	16 707
Total Application of cash and investments:		7 853	22 528	24 498	13 572	21 885	16 568	16 568	12 387	11 495	14 097
Surplus(shortfall)		5 828	(3 577)	(3 340)	(2 130)	(7 145)	754	754	2 295	6 047	3 864

KZN284 uMlalazi - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
Total New Assets	1	21 207	44 682	22 052	13 198	36 041	36 041	41 101	17 610	31 306
Infrastructure - Road transpor		8 158	24 905	6 417	2 606	24 284	24 284	9 125	6 600	21 125
Infrastructure - Electricity		72	1 831	1 463	1 149	1 149	1 149	620	2 753	1 195
Infrastructure - Other		1 238	8 334	4 593	3 550	3 775	3 775	10 875	3 465	–
Infrastructure		*9 469*	*35 071*	*12 473*	*7 304*	*29 208*	*29 208*	*20 619*	*12 818*	*22 320*
Community		10 657	6 120	5 362	3 441	4 625	4 625	17 011	3 141	7 028
Investment properties		–	–	1 866	220	–	–	2 100	–	–
Other assets	6	1 082	3 491	2 351	2 233	2 208	2 208	1 370	1 651	1 958
Intangibles		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	2 483	1 863	1 357	20 120	3 197	3 197	10 314	19 189	4 683
Infrastructure - Road transpor		1 761	1 388	866	16 533	1 060	1 060	7 626	16 126	2 361
Infrastructure - Electricity		105	112	85	140	140	140	100	140	120
Infrastructure - Other		256	164	–	200	130	130	350	–	–
Infrastructure		*2 121*	*1 664*	*951*	*16 873*	*1 330*	*1 330*	*8 076*	*16 266*	*2 481*
Community		223	–	184	2 900	1 520	1 520	200	200	300
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	139	200	223	347	347	347	2 038	2 723	1 902
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transpor		9 919	26 293	7 283	19 138	25 344	25 344	16 750	22 726	23 486
Infrastructure - Electricity		177	1 943	1 548	1 289	1 289	1 289	720	2 893	1 315
Infrastructure - Other		1 494	8 498	4 593	3 750	3 905	3 905	11 225	3 465	–
Infrastructure		*11 590*	*36 734*	*13 424*	*24 177*	*30 537*	*30 537*	*28 695*	*29 084*	*24 801*
Community		10 880	6 120	5 546	6 341	6 145	6 145	17 211	3 341	7 328
Investment properties		–	–	1 866	220	–	–	2 100	–	–
Other assets		1 220	3 691	2 574	2 580	2 555	2 555	3 408	4 374	3 860
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	23 690	46 546	23 409	33 318	39 237	39 237	51 414	36 799	35 989
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transpor		50 132	62 465	192 154	166 147	167 039	167 039	157 748	152 038	144 665
Infrastructure - Electricity		11 044	12 404	40 984	38 694	38 128	38 128	36 922	37 599	36 567
Infrastructure - Other		–	–							
Infrastructure		*61 175*	*74 869*	*233 138*	*204 841*	*205 167*	*205 167*	*194 670*	*189 638*	*181 232*
Community		25 786	42 205	51 276	57 886	65 694	65 694	89 328	90 401	91 192
Investment properties		5 931	6 735	8 601	10 321	11 821	11 821	15 421	16 921	18 421
Other assets		109 918	124 346	122 400	117 593	116 328	116 328	116 201	115 264	114 123
Intangibles		–	23	49	9	–	–	5	18	34
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	202 810	248 177	415 464	390 650	399 011	399 011	415 625	412 240	405 002
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		5 603	7 265	7 037	8 004	8 004	8 004	8 804	9 685	10 208
Repairs and Maintenance by Asset Class	3	6 671	5 097	5 505	12 374	12 302	12 302	8 548	10 977	13 392
Infrastructure - Road transpor		941	1 721	2 043	5 003	4 984	4 984	3 974	5 127	6 438
Infrastructure - Electricity		638	946	1 092	1 205	1 165	1 165	1 281	1 364	1 437
Infrastructure - Other		898	573	492	451	451	451	492	519	547
Infrastructure		*2 477*	*3 240*	*3 627*	*6 659*	*6 600*	*6 600*	*5 747*	*7 011*	*8 423*
Community		2 731	1 550	1 428	5 060	4 963	4 963	2 192	3 358	4 327
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	1 464	307	450	655	739	739	610	608	642
TOTAL EXPENDITURE OTHER ITEMS		12 274	12 362	12 542	20 378	20 306	20 306	17 353	20 661	23 600
Renewal of Existing Assets as % of total capex		*10.5%*	*4.0%*	*5.8%*	*60.4%*	*8.1%*	*8.1%*	*20.1%*	*52.1%*	*13.0%*
Renewal of Existing Assets as % of deprecn"		*44.3%*	*25.6%*	*19.3%*	*251.4%*	*39.9%*	*39.9%*	*117.1%*	*198.1%*	*45.9%*
R&M as a % of PPE		*3.4%*	*2.1%*	*1.4%*	*3.3%*	*3.2%*	*3.2%*	*2.1%*	*2.8%*	*3.5%*
Renewal and R&M as a % of PPE		*5.0%*	*3.0%*	*2.0%*	*8.0%*	*4.0%*	*4.0%*	*5.0%*	*7.0%*	*4.0%*

TABLE A9 ASSET MANAGEMENT	
2012/2013 MTREF	
DESCRIPTION	BUDGET YEAR 2012/2013 R'000
ASSET REGISTER SUMMARY	
INFRASTRUCTURE : ROADS	16750
INFRASTRUCTURE : ELECTRICITY	720
INFRASTRUCTURE : OTHER	11225
INVESTMENT PROPERTIES	2100
COMMUNITY ASSETS	17211
OTHER ASSETS	3408
TOTAL CAPITAL EXPENDITURE	51414



KZN284 uMlalazi - Table A10 Basic service delivery measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Energy:										
Electricity (at least min.service level)		991	1 412	1 552	1 707	1 771	1 771	763	763	763
Electricity - prepaid (min.service level)		2 772	3 949	4 340	4 115	4 947	4 947	4 560	4 560	4 560
Minimum Service Level and Above sub-total		3 763 000	5 361 000	5 892 000	5 822 000	6 718	6 718	5 323	5 323	5 323
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		474	461	583	584	584	584	690	690	690
Below Minimum Service Level sub-total		474 000	461 000	583 000	584 000	584	584	690	690	690
Total number of households	5	4 237 000	5 822 000	6 475 000	6 406 000	7 302	7 302	6 013	6 013	6 013
Refuse:										
Removed at least once a week										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week										
Using communal refuse dump		2	2	2	2					
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		2	2	2	2	–	–	–	–	–
Total number of households	5	2	2	2	2	–	–	–	–	–
Households receiving Free Basic Service	7									
Electricity/other energy (50kwh per household per month)					2 404	2 491	2 491	2 787	2 787	2 787
Refuse (removed at least once a week)					929	988	988	989	942	1 015
Cost of Free Basic Services provided (R'000)	8									
Electricity/other energy (50kwh per household per month)						922	922	88	92	96
Refuse (removed once a week)						1 085	1 085	101	104	118
Total cost of FBS provided (minimum social package)		–	–	–	–	2 007	2 007	189	196	214
Highest level of free service provided										
Property rates (R value threshold)		50	50	50	50	50	50	75	75	75
Electricity (kwh per household per month)								50	50	50
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		6 899		–	672	689	689	732	776	823
Property rates (other exemptions, reductions and rebates)			11 766	11 766	8 475	9 741	9 741	10 583	10 092	10 748
Electricity/other energy		401	611	611	1 065	1 065	1 065	1 050	1 102	1 157
Refuse		409	459	459	1 025	1 025	1 025	1 207	1 252	1 413
Municipal Housing - rental rebates						–	–			
Housing - top structure subsidies	6					–	–			
Other						–	–			
Total revenue cost of free services provided (total social package)		7 709	12 836	12 836	11 237	12 520	12 520	13 572	13 222	14 141

5. OVERVIEW OF ANNUAL BUDGET PROCESS

5.1 Process to prepare the budget

The budget and IDP process occurred according to the budget timetable approved by Council in August 2011. The Budget and MTREF was also prepared taking cognizance of the contents of the LG: MFMA, Act No. 56 of 2003, Circular No.58 and the LG: MFMA Budget Formats Guide received from National Treasury.

5.2 Service Delivery and Budget Implementation Plan

Section 1 of the Local Government: Municipal Finance Management Act (No.56 of 2003) defines the SDBIP as:

> " a detailed plan approved by the mayor of a municipality in terms of section 53 (1)(c)(ii) for implementing the municipality's delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:
>
> (a) projections for each month of-
>
> (i) revenue to be collected, by source; and
>
> (ii) operational and capital expenditure, by vote;
>
> (b) service delivery targets and performance indicators for each quarter".

The municipal manager is responsible for the preparation of the SDBIP, which must be legally submitted to the mayor for approval once the budget has been approved by the council (around end-May or early-June). However, the municipal manager should start the process to prepare the top-layer of the SDBIP no later than the tabling of the budget (around March or earlier) and preferably submit a draft SDBIP to the mayor by 1 May (for initial approval). Once the budget is approved by the Council, the municipal manager should merely revise the approved draft SDBIP, and submit for final approval within 14 days after the approval of the budget. The mayor should therefore approve the final SDBIP and performance agreements simultaneously, and then make the SDBIP and performance agreement of the municipal manager public within 14 days, preferably before 1 July. Note that it is only the top layer (of high-level) detail of the SDBIP that is required to be made public.

It is the output and goals made public in the SDBIP that will be used to measure performance on a quarterly basis during the financial year. Note that such in-year monitoring is meant to be a light form of monitoring. The council should reserve its oversight role over performance at the end of the financial year, when the mayor tables the annual report of the municipality. The in-year monitoring is designed to pick up major problems only, and aimed at ensuring that the mayor and municipal manager are taking corrective steps when any unanticipated problems arise. The SDBIP serves a critical role to focus both the administration and council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councilors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnerships, service contracts and the like.

The Service Delivery and Budget Implementation Plan (SDBIP) for the 2012/2013 budget year, is included in section 14 of this document.

5.3 Review of Integrated Development Plan (IDP)

Hereunder follows the summary of the IDP process:

MONTH	ACTIVITIES			
	IDP	PMS	**BUDGET**	
July	**Draft IDP Process 2012/13. Submit draft 2012/13 Process Plan to COGTA for assessment and approval by MEC.** **District adopts a binding framework for IDP in the area as a whole ensuring alignment of the IDP process of the district and various local municipalities,** MSA s 27**.** **Development of IDP Process Plan that guide the planning, drafting, adoption and review of the plan,** MSA s 28**.**	**Municipal Manager submits draft service delivery and implementation plan (SDBIP) to Mayor no later than 14 days after approval of budget.** **Mayor ensures that service delivery and budget implementation plan is approved within 28 days of approval of budget.** **Mayor to ensure that the following is made public within 14 days of approval of service delivery and budget implementation plan.** **Municipal Manager submits draft performance agreements to Mayor no later than 14 days after approval of budget,** s69 of the MFMA and s57 of the MSA**.** **Mayor to ensure that performance agreements comply with MFMA to promote sound financial management.** **Mayor to ensure that agreements are linked to the measurable performance objectives approved with the budget and service delivery implementation plan.** **Mayor to ensure that agreements are linked to the measurable performance objectives approved with the budget and**	**Mayor begins planning for next three year budget in accordance with co-ordination role of budget process,** MFMA s 53. **Planning includes review of the previous year budget process and completion of the Budget Evaluation Checklist.**	Municipal Manager and Heads of Departments planning for next three-year budget, **MFMA s 68, 77.** Municipal Manager and Heads of Departments review options and contracts for service delivery, **MSA s 76-81.**

		service delivery implementation plan. **Mayor to ensure performance agreements submitted to Council and MEC for local government in the province.** **2011/12 final s 57 Managers' Performance Assessments.** **Quarterly SDBIP Report (for last quarter of 11/12)** MPPR Reg. 14. **Quarterly Audit Committee meeting (for the last quarter of 10/11)** MFMA Sect 166 & MPPR Reg. 14(3)(a). **Special Audit Committee meeting (for evaluation of s 57 Managers final assessments)** MPPR Reg. 14(3)(b).		
August	**Workshop the entire Process Plan with Council.** **IDP Review Process Plan tabled at MANCO, EXCO and Council for approval.** **Give notice to local community of particulars of the Process Plan,** MSA s28**. (The advert will come out in the first week of September 2011).** IDP preparation process **Consider proposals received from MEC, if any,** MSA s 32**.** **Consider comments received from Councillors, Ward Committees and other various role-players during the 2011/12 IDP Screening Session and IDP/Budget Conference.**		**Mayor tables in Council a Process Plan outlining key deadlines for: preparing, tabling and approving the budget, developing and/or reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year,** MFMA s 21,22, 23; MSA s 34, Ch 4 (as amended). **Mayor establishes committees and consultation forums for the budget process.**	Municipal Manager submit financial statements of the municipality to Auditor-General by 31 August, **MFMA Sec 126(1)(a)**.

September	IDP preparation process **Hold a self assessment Dialogue to review performance of the municipality and determine shortcomings and weaknesses.** **Integration of information into IDP where necessary including incorporation of Service Plans from Heads of Departments.** **Initiate the process of reviewing Spatial Development Framework.** **Updating and review of the strategic elements of the SDF in line with the EXCO focus.** **Public consultation in terms of CBP continues.** **Refinement of Statutory Plans initiated by Heads of Departments.**	**Auditor General audit of performance measures**	**Council through the IDP process determines five –year strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans.**	Municipal Manager submit consolidated Annual Financial Statement to Auditor-General by 30 September, **MFMA Sec 126(1)(b)**. This should be read in conjunction with the Exemption by the National Treasury (Government Gazette No. 522, 29 June 2007) Budget offices of municipality and entities determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives. Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc).
October	**Continue with integration of information from Service Plans into the IDP.** **EXCO uThungulu to review and update the IDP Vision, Objectives and Strategies.** **Setting new strategic agenda for the IDP in light of the new focus of Council.**	**Appointment of the Audit Committee,** MPPR Reg. 14. **Sect 57 Managers' quarterly assessments (for first quarter of 2011/12)**		Municipal Manager does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials, **MFMA s 35, 36, 42; MTBPS**

	Initiate the process of reviewing Spatial Development Framework. Initiate CBP **Community-based planning launched.** **Engage in a process of developing ward plans in line with MTREF.** **Updating and review of the strategic elements of the SDF in line with the EXCO focus.**			
November	**Continue with integration of information from Service Plans, Statutory Plans into the IDP.** **Initiate the process of reviewing Spatial Development Framework.** **Confirming municipal priority areas for the next 5 years.** **High level programmes from all wards integrated into IDP.** **Refining municipal Strategies, Objectives, KPA's, KPI's and targets so as to influence the budget.** **Set and agree on three IDP priority projects.** **Stakeholder Forum to refine, amend and/or confirm the above.**	**Quarterly SDBIP (for first quarter of 2011/12,** MPPR Reg. 14. **Quarterly Audit Committee meeting (for the first quarter of 09-10** MFMA Sect 166 & MPPR Reg. 14(3)(a).		Municipal Manager reviews and drafts initial changes to IDP, **MSA s34.** Auditor-General to return audit report due by 30 November, **MFMA 126(4)**.

December	**Institutional plan refined to deliver on the municipal strategy.** **Horizontal and vertical alignment with District, Province and other stakeholders begins.** **Directorates identifying programmes and projects with external stakeholders.** **Financial Plan and Capital Investment Plan are developed.**	**Compile annual report for 2011/12,** MFMA s121.	**Council finalises tariff (rates and service charges) policies for next financial year,** MSA s 74, 75.	Audit report returned to the Municipal Manager by 31 December, **MFMA s133(2).** On receipt of the audit report Municipal Manager must address issues raised by the Auditor-General and prepare action plans to address issues and include these in the annual report, **MFMA s131(1).** Municipal Manager and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year performance as per audited financial statements.
January	**Horizontal and vertical alignment with District, Province and other stakeholders continues.** **Directorates identifying programmes and projects with external stakeholders.** **Capital Investment and Financial Plans refined.**	**Annual Customer Satisfaction survey (to be consolidated to 2011/12 annual report),** MSA s 40. **Mayor tables annual reports for 2010/11,** MFMA Sect127(2). **Make public annual report and invite community inputs into report** (MFMA s127 & MSA s 21a). **s 57 Managers' quarterly assessments (for second quarter of 11/12).**	**Head of Directors of directors must approve and submit proposed budget and plans for next three-year budgets to Municipal Manager at least 150 days before the start of the budget year,** MFMA s 87(1).	Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January), **MFMA s 36.** Immediately after the annual report is tabled, the Municipal Manager make public annual report and invite community inputs into report **(MFMA s 127 & MSA s21a).**

February	**Horizontal and vertical alignment with District, Province and other stakeholders continues.** **Directorates identifying programmes and projects with external stakeholders. Capital Investment and Financial Plans refined.**	**Quarterly SDBIP (for second quarter of 11/12)** MPPR Reg. 14 **Quarterly Audit Committee meeting (for the second quarter of 11/12,** MFMA Sect166 & MPPR Reg. 14(3)(a) **Submit annual report to Auditor General, MECs for Local Government and Treasury,** MFMA s 127.	**Council considers Municipal Manager proposed budget and service delivery plan and accepts or makes recommendations,** MFMA s 87(2).	Municipal Manager finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report. Municipal Manager to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year, **MFMA s37(2).**
March	**Prepare service delivery and budget implementation plans linked to the IDP strategies, objectives, KPI's and targets.** **Finanlise Capital Investment Plan and Financial Plans.** **Conclusion of Service Plans and integration into the IDP document.** **Tabling of draft IDP, budget, plans and related policies with resolutions before Council (Municipal Manager)** **Publication of the tabled IDP, budget, plans and invitation to local community and stakeholders for comments and inputs and submission to National and Provincial treasuries.**	**Council to consider and adopt an oversight report, due by 31 March,** MFMA Sec 129(1)**.** **Set performance objectives for revenue for each budget vote,** MFMA s 17.	**Heads of Departments considers recommendations of Municipal Manager and submit revised budget,** MFMA s 87(2). **Mayor tables municipality budget, budgets of entities, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year,** MFMA s16, 22, 23, 87; MSA s 34.	Municipal Manager publishes tabled budget, plans , and proposed revisions to IDP, invites local community comment and submits to National Treasury, Provincial Treasury and others as prescribed **MFMA s 22 & 37; MSA Ch 4 (as amended).** Municipal Manager reviews any changes in prices for bulk resources as communicated, **MFMA s 42.**

April	**Portfolio Committee and Council Hearings launched through series of public representations by community and stakeholders on the IDP and Budget.** **Prepare service delivery and budget implementation plans linked to the IDP strategies, objectives, KPI's and targets.**	**Refinement of Municipal Strategies, Objectives, KPA's, KPI's and targets and inclusion into 2011/16 IDP report.** **s57 Managers' Quarterly Performance Assessments Publicise Annual Oversight Report within seven day of adoption,** MFMA Sec 129(3) and s 21A MSA**.** **Within seven days of adoption of Oversight Report submit to the Provincial Legislature/MEC Local Government the annual report and the oversight reports on those annual reports,** MFMA Sec 132(2)**.**	**Consultation with national and provincial treasuries and finalise service plans for water, sanitation, electricity etc,** MFMA s 21.	Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year.
May	**IDP Budget Conference to consider the revisions and amendments to the IDP and budget.** **Consultative Workshop with the entire Council on the final draft IDP and the budget.** **EXCO recommends adoption of the IDP to Council.** **Council sitting to approve IDP, budget and related policies.**	**Quarterly SDBIP Report (for third quarter of 2011/12)** MPPR Reg. 14 **Quarterly Audit Committee meeting (for third quarter of 2011/12 ,** MFMA s 166 & MPPR Reg. 14(3)(a). **Annual review of organisational KPIs,** MPPR Reg 11. **Review annual organizational performance targets,** MPPR Reg 11.	**Public hearings on the budget, and council debate. Council consider views of the local community, National Treasury, Provincial Treasury, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year,** MFMA s 23, 24; MSA Ch 4 (as amended). **Municipal Managers and Heads of Departments to approve the budget of the entity not later than 30 days before the start of the financial year, taking into account any hearings or recommendations of the council,** MFMA s **87.**	Municipal Manager assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature.
June	Submission of draft 2012/13 SDBIP and annual performance	Community input into organisation KPIs and targets.	Council must approve annual budget by resolution, setting taxes	Municipal Manager submits to the Mayor no later than 14 days after

	agreements by Municipal Manager to the Mayor for consideration. Mayor approves 2012/13 SDBIP and annual performance agreements for Municipal Manager and Directors (s 57).		and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year, MFMA s16, 24, 26, 53. Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval, MFMA s 53; MSA s 38-45, 57(2). Council must finalise a system of delegations, MFMA s 59, 79, 82; MSA s 59-65.	approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA and MFMA s 69; MSA s57. Municipal Manager publish adopted budget and plans, MFMA s 75, 87.

5.4 Consultation process

The draft 2012/2013 Budget and MTREF as tabled before Council on 29 March 2012 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (Electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Consultation meetings with the community were scheduled as follows:

Venue	Day	Date	Time
Enqoleni Community Hall (Ward 26)	Sunday	22 April 2012	11:00
Gingindlovu Community Hall (Ward 18)	Wednesday	2 May 2012	17:30
Nhlababo Community Hall (Ward 17)	Sunday	6 May 2012	12:00
Eshowe Town Hall (Ward 11&12)	Sunday	13 May 2012	14:00
Mthunzini Community Hall Ward 19)	Tuesday	15 May 2012	17:30

5.5 Schedule of key deadlines

Hereunder is the schedule of key deadlines that was approved by Council in August 2011,

Tasks and Activities	Responsible Body	Effective Date
June 2011		
• Council approval of the 2012/2013 Multi-year budget process and timetable.	Chief Financial Officer	12 July 2011
September 2011		
• Issuing of 5 year Capital Programme to Mayor and Directors for amendments.	Chief Financial Officer	05 September 2011
• Workshop with Senior Management in order to review the prioritisation model to be used to compile the capital budget.	Chief Financial Officer	05 September 2011
• Budget requests from Councillors/ ward committees, fully supported within the IDP document, be submitted to the Municipal Manager in order for the relevant Director to determine the financial and operational impacts of such requests.	Deputy M M/ Councillors/ Relevant Directors	30 September 2011

October 2011		
• Issuing of blank Operating Budget to Mayor and Senior Managers to be used as working documents.	Chief Financial Officer	03 October 2011
• Issuing of the 2012/2013 Multi-year guideline addressing various budget assumptions, internal budget processes, policies etc.	Chief Financial Officer	03 October 2011
• Public information meetings (divided into the established clusters), reviewing and strategising the current Integrated Development Plan.	Deputy M M	During October
• Obtain allocations to municipalities from National and Provincial Governments in terms of the Draft Division of Revenue Bill.	Chief Financial Officer	31 October 2011
• Submission of the Draft 5 year Capital Programme according to the Council's stategic objectives, as set out in the Integrated Development Plan.	Directors	31 October 2011
Tasks and Activities	**Responsible Body**	**Effective Date**
November 2011		
• Discussions with Directors/ Managers on the Draft Capital projects for the 2012/2013 Multi-year budget.	Chief Financial Officer	07 November 2011
• Information sharing meeting/ session with all sector departments and neighbouring local municipalities to ensure that synergy occurs on all levels between the various local IDP documents and to align with the IDP review document of the District Municipality to achieve more support on the regional scale.	Deputy M M	17 November 2011
• Submission of the public participation report to the Municipal Manager.	Deputy M M	18 November 2011
• Submission of the Draft Operating estimates for the 2012/2013 Multi-year budget, analysed according to activities aligned to the Council's strategic objectives, as set out in the Integrated Development Plan.	Directors	30 November 2011

December 2011		
• Perform a mid-year financial review on the current year's (2011/2012) budget and revised estimates to submit an Adjustment budget to Council if considered necessary.	Directors	14 December 2011
• Alignment of the Draft Capital estimates to the IDP.	Directors	14 December 2011
January 2012		
• Discussions with Directors on the Draft Operating estimates for the 2012/2013 Multi-year budget.	Chief Financial Officer	16 January 2012
• Alignment of the Draft Operating estimates to IDP.	Directors	16 January 2012
• Submit adjustment budget, mid-year budget and performance assessment report to Council.	Municipal Manager/ Chief Financial Officer	31 January 2012
• Submit to National and Provincial Treasury in both printed and electronic form the adjustment budget, mid-year budget and performance assessment within 10 working days of Council meeting.	Municipal Manager	31 January 2012
• Make public the adjustment budget, mid-year budget and performance assessment report by placing it on municipal website.	Municipal Manager	31 January 2012
February 2012		
• Discussions with Directors on the Draft Capital and Operating estimates for the 2012/2013 Multi-year budget.	Chief Financial Officer	13 February 2012
• Discussions with Directors on the Draft Service Delivery and Budget Implementation Plan for the 2012/2013 budget year.	Chief Financial Officer	14-17 February 2012

March 2012		
• Submit Draft 2012/2013 Multi-year budget, Draft IDP and Draft Service Delivery and Budget Implementation Plan to Council.	Chief Financial Officer	21 March 2012
• Make public the tabled draft budget and supporting documentation within 10 working days after being approved by Council.	Municipal Manager	23 March 2012
• Ward Committee meeting highlighting involvement of members in the budget public participation process.	Deputy M M	28 March 2012
April 2012		
• Tabled Draft 2012/2013 Multi-year budget, Draft IDP and Draft Service Delivery and Budget Implementation Plan in both printed and electronic format to National and Provincial Treasury within 10 working days after being approved by Council.	Municipal Manager	04 April 2012
• Undertake a 4 week community consultation process of the budget.	Mayor/ M M and Directors	During April 2012
• Revision of the budget and IDP from inputs received from the community, Government departments and National Treasury, if required.	Chief Financial Officer	27 April 2012
May 2012		
• Revised budget, IDP and Service Delivery and Budget Implementayion Plan, incorporating community inputs, tabled at Council for approval.	Mayor	30 May 2012
• Make public the approved budget and supporting documentation within 10 working days after being approved by Council, by placing it on the municipal website.	Municipal Manager	31 May 2012
• Publish approved budget and tariffs. For the 2012/2013 budget year.	Corporate Services	31 May 2012

June 2012 • Approved 2012/2013 Multi-year budget, IDP and Service Delivery and Budget Implementation Plan both printed and electronic format to National and Provincial Treasury within 10 working days after being approved by Council.	Municipal Manager	06 June 2012
• Council approval of the 2013/2014 Multi-year budget process and timetable.	Chief Financial Officer	26 June 2012

6. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

6.1 Hereunder follows the strategic plan to be included in the draft IDP

KPA 1: Municipal Transformation and Organisational Development					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
Institutional development	To implement job evaluation	2012/13	• Liaise with Bargaining Council to resolve the appeals	• 80% of all Appeals resolved	DCS
	To attract and retain scarce skilled staff	2012/13 2013/14 to 2016/17 Annually	• Identify scarce posts • Implement Scarce Skills Policy • Review & implement Staff Retention Policy	• Scarce Posts identified • Quarterly Report to Portfolio Committee • Reviewed and approved Staff Retention Policy and Quarterly Report to Portfolio Committee	DCS
	To develop Contract Management	2012/13 Annually	• Urgently create a post for contract administration • Capacitate PMU to be independent	• Contract Administration Post created • Quarterly Report to Portfolio Committee	DES
	To restructure the Organisation and to ensure the alignment of functions	2012/13 2012/13 to 2016/17	• Urgently Finalise Organisational Restructuring • Fill critical & essential posts in-line with revised Organisational Structure	• Approved Organisational Structure • Quarterly Report to Portfolio Committee	MM
	To increase staff capacity in all Departments				
	To increase capacity to deal with legal issues & the enforcement of Bylaws				
	To provide adequate training and development to staff & councillors	2012/13 Annually Annually	• Develop Training and Development Policy • Implement Training and Development Policy • Review Skills Development Plan	• Training and Development Policy developed and approved • Quarterly Report to Portfolio Committee • Skills Development Plan reviewed and approved	DCS
	To introduce an Employee Assistance Programme	2012/13 2013/14 to 2016/17	• Adopt Employee Assistance Programme • Budget & Implement Employee Assistance Programme	• Employee Assistance Programme adopted • Quarterly Report to Portfolio Committee	DCS
	To provide up-to-date computer equipment and software	2012/13 2012/13 2013/14 to 2015/16	• Establish IT Committee • Carry out Audit on current computer and software requirements, including data management • Identify and address critical shortcomings	• IT Committee established • Audit conducted • Critical shortcomings identified and addressed	CFO

KPA 1: Municipal Transformation and Organisational Development					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
	To ensure that the OPMS is aligned with the Municipality's strategies and budget	2012/13 Annually	• Establish Planning and Development Unit • Review OPMS	• Planning and Development Unit established • OPMS reviewed and approved	MM
Municipal Transformation	To ensure employment equity	2012/13 Annually	• Establish Employment Equity Committee • Review Employment Equity Plan	• Employment Equity Committee established • Employment Equity Plan reviewed and approved	DCS

KPA 2: Service Delivery					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
To address Backlogs in Service Delivery	To facilitate the provision of potable water	Annually 2014/15	• Conduct meetings with uThungulu to ensure alignment of water provisioning to relevant Municipal Capital Projects • Conduct Feasibility Study to take over water services function	• Quarterly Report to Portfolio Committee • Feasibility Study completed and results presented to Portfolio Committee	DES
	To facilitate the provision of sanitation	Annually 2014/15	• Conduct meetings with uThungulu to ensure alignment of sanitation provisioning to relevant Municipal Capital Projects • Conduct Feasibility Study to take over sanitation services function	• Quarterly Report to Portfolio Committee • Feasibility Study completed and results presented to Portfolio Committee	DES
	To provide electricity / energy within Eshowe	Annually Annually Annually Annually	• Implement prioritized electricity applications • Implement demand side management projects • Ensure labour-intensive construction("LIC") as per EPWP requirements • Investigate renewable energy programmes • Implement renewable energy programmes	• 80% of prioritised electricity applications implemented • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee • Renewable Energy Programmes investigated and results presented to Portfolio Committee • Quarterly Report to Portfolio Committee	DES
	To facilitate Electricity provision in all areas (with the exception of Eshowe)	Annually Annually	• Conduct meetings with Eskom to ensure alignment of energy provisioning to Municipal Capital Projects • Facilitate the provision of Free Electricity Services	• Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee	DES

KPA 2: Service Delivery					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
	To ensure the roll-out of waste management services in rural areas, and the provision of recycling facilities at appropriate locations	Annually Annually 2012/13 Annually	• Implement an Integrated Waste Management Plan • Expand 'Food for Waste' and "War against Poverty" programmes into all wards • Conduct feasibility study for recycling facilities and buy back centres in order to create jobs • Support existing recycling companies	• Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee • Completed Feasibility Study and results presented to Portfolio Committee • Quarterly Report to Portfolio Committee	DES
	To ensure the provision and maintenance of municipal roads, sidewalks and causeways	2012/13 Annually Annually 2015/16 2016/17 2013/14 2014/15 to 2016/17	• Complete the feasibility study regarding the purchase of own plant vs hiring of plant • Implement recommendations of the Feasibility Study outcomes • Continued implementation of Pavement Management System for urban roads and Stormwater Management Systems • Prepare Integrated Transportation Plan • Implement Integrated Transportation Plan • Develop Road Management System (which includes causeways/bridges) • Implement Road Management System	• Completed Feasibility Study and results presented to Portfolio Committee • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee • Completed and approved Integrated Transportation Plan • Quarterly Report to Portfolio Committee • Approved Road Management System • Quarterly Report to Portfolio Committee	DES
	To ensure the provision of commuter and trading shelters	2012/13 2015/16 2012/13 2016/17 2016/17	• Formalise the trading areas at the Eshowe Bus and Taxi Rank • Formalise the trading areas at Bus and Taxi Ranks in King DinuZulu and Gingindlovu • Identify land within Mtunzini for informal trading purposes • Provision of shelters and offices at King DinuZulu Bus and Taxi Rank • Provision of offices at Gingindlovu Bus and Taxi Rank	• All trading areas at the Eshowe Bus and Taxi Rank formalised • All trading areas at Bus and Taxi Ranks in King DinuZulu and Gingindlovu formalised • Land identified in Mtunzini for informal trading purposes • Shelters and offices at King DinuZulu Bus and Taxi Rank provided • Offices at Gingindlovu Bus and Taxi Rank provided • Approved Short-Term Strategy	DMM

KPA 2: Service Delivery					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
		2012/13 2013/14	• Prepare Short-Term Strategy to address immediate informal trading challenges in urban areas • Prepare Informal Trading Plan for all Nodal Areas	• Approved Informal Trading Plan for all Nodal Areas	
	Quality control	Annually 2013/14	• Ensure that building plans are submitted and approved for all structures proposed to be built within the Municipal Area (excluding traditional rural homesteads) • Strengthen PMU with technical officers (building inspections) to ensure quality and M & E	• Quarterly Report to Portfolio Committee • Appointment of 2 x building inspectors	DES
To ensure that organisational facilities are provided and maintained, in order to ensure that the Municipality's development mandate can be met	To ensure that adequate office space is provided for Councillors and officials, preferably at one civic centre	2012/13 2013/14 to 2016/17	• Identify suitable land for civic offices on Council owned land • Source funding	• Suitable land identified • Funding sourced	DCS
	To ensure that the Eshowe Testing Station is operated effectively and efficiently	2012/13 2012/13	• Source funding for temporary accommodation for existing testing station at Eshowe to ensure continuation of service • Identify suitable land on Council owned land for new Testing Station in Eshowe	• Funding sourced • Suitable land identified	DPS DCS
To assist with natural disasters	To provide Fire Services for uMlalazi Municipal area	2012/13 Annually Annually	• Investigate shared service options • Source funding for vehicles and additional staff • Source funding for satellite fire stations	• Shared services option investigated and reported to Portfolio Committee • Funding Sourced • Funding sourced	DPS
	Investigate the possible impact of Climate Change on the Municipal Area	Annually Annually	• Review Disaster Management Plan (including Contingency Plan) taking due cognisance of climate change • Ensure that the Terms of References for new Sector Plans and reviews incorporates climate change	• Disaster Management Plan (including Contingency Plan) reviewed and approved • Quarterly Report to Portfolio Committee	DPS

KPA 3: Local Economic Development					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
To facilitate economic growth and development, in order to create decent employment and to fight the war against poverty	To establish a fully functional LED Unit	2012/13	• Incorporate LED in Planning and Development Unit	• LED incorporated in Planning and Development Unit	DMM
	To contribute towards the development of the Tourism Sector	2012/13 2013/14 to 2016/17 Annually 2013/14	• Review LED Plan • Implement LED Plan • Facilitate & support tourism initiatives through the various tourism associations • Prepare Rural Tourism Development Plan	• LED Plan reviewed and approved • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee • Approved Rural Tourism Development Plan	DMM DCS
	To market the Municipal area to attract investment	2012/13 Annually	• Establish partnership with the Chamber of Business • In partnership with the Chamber of Business, market the Municipal area to attract new investment	• Partnership formally established • Quarterly Report to Portfolio Committee	DMM DCS
	To promote skills development that is aligned with local economic growth	Annually	• Identify areas where the economy is growing and support skills development	• Areas of where economy is growing identified and Quarterly Report to Portfolio Committee	DMM
	To contribute towards the development of the Agricultural Sector	2012/13 Annually	• Establish partnership with the Dept of Agriculture • Support Agricultural Forums	• Formal partnership with the Dept of Agriculture established • Quarterly Report to Portfolio Committee	DMM
	To promote industrial development	2012/13 2013/14 to 2016/17 2012/13	• Prepare Industrial Development Plan for Gingindlovu • Implement Industrial Development Plan for Gingindlovu • Market and attract industrial investment in Eshowe	• Approved Industrial Development Plan for Gingindlovu • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee	DCS
	To promote the involvement of Women, Youth and the Disabled in LED projects and activities	2012/13 2013/14 to 2016/17	• Develop database of women, youth and disabled that are interested in LED projects • Facilitate skills development, with assistance from Dept Economic Development and Tourism, of people on database	• Database developed • Quarterly Report to Portfolio Committee	DMM
	To promote Small Medium and Micro Enterprises ("SMME") Development	2012/13 Annually Annually Annually	• Update SMME Database • Facilitate Training and Capacity Building to SMMEs on Municipal Database • Provision of facilities for SMMEs	• SMME database updated • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee	DMM

KPA 3: Local Economic Development					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
			• Facilitate the identification of Linkages between products and markets		
	To promote the sustainability and protection of the municipalities natural resources	2012/13 to 2014/15 2015/16 2013/14 2014/15 to 2016/17 Annually Annually	• Land Use Management Scheme for Rural Areas • Mapping and protection, through Rural Land Use Management Scheme, of all environmentally sensitive areas • Review Environmental Management Plan • Implement Environmental Management Plan • Implement Weed Eradication Programme • Participate in the management of coast via the Coastal Management Group	• Approved Land Use Management Scheme for Rural Areas • All environmental areas mapped and protected via Rural Land Use Management Scheme • Environmental Management Plan reviewed and approved • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee	DCS

KPA 4: Social Development					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
To ensure that social development is catered for	To facilitate that the needs of child-headed households and vulnerable children are addressed	Annually Annually	• Provide support through the HIV/AIDS Desk • Strengthen communication with the Department of Social Development	• Quarterly Report to Portfolio Committee • Quarterly report to Portfolio Committee	DCOMS
	To plan and support the acceleration of sustainable human settlements	Annually Annually	• Review Housing Sector Plan • Implement Housing Sector Plan	• Housing Sector Plan reviewed and approved • Quarterly report to Portfolio Committee	DCS
	To facilitate the development of the youth and early childhood development, with particular focus on Education & Training	Annually Annually	• Identify, through the Youth Desk, indigent youth candidates for skills training and provide financial support • Provide Crèche facilities	• A minimum of 5 x Indigent Youth Candidates identified for skills training and financial support provided • 4 x Crèche facilities provided annually	DCOMS
	To facilitate the social development of marginalised groups	Annually Annually	• Support gender & disabled equity through Disability Desk • Participate in Disability Forum	• Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee	DCOMS
	To facilitate adequate provisioning and management of community facilities at appropriate locations	2012/13 2012/13	• Update database of all community facilities • Investigate the feasibility of taking ownership of all community facilities within the Municipality	• Updated database • Investigation completed and results presented to Portfolio Committee	DCOMS DMM

KPA 4: Social Development					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
		Annually	• Implement Caretakership Programme for all community facilities, as part of EPWP / CWP for job creation	• Quarterly Report to Portfolio Committee	
	To facilitate the implementation of the Operation Sukuma Sakhe Programme (flagship programme)	Annually	• Facilitate the roll-out of the Sukuma Sakhe programme to all wards, through the identification of "special" projects.	• Quarterly Report to Portfolio Committee	DCOMS
	To provide for the Cemetery Needs in the Municipal Area	2012/13 2012/13	• Identify suitable land in all urban areas for cemetery development, to also serve the rural hinterland • Facilitate with UDM the development of the Mandawe Regional Cemetery	• Suitable land identified • Quarterly Report to Portfolio Committee	DCOMS

KPA 5: Good Governance and Public Participation					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
Good Governance	To reduce Risk to the Organisation	Annually Annually	• Implement Risk Plan • Risk Management training	• Quarterly Report to Management Risk Committee • Quarterly Report to Management Risk Committee	DMM
	To improve inter-departmental and external (including IGR) communication	2012/13 Annually 2012/13 2013/14 2012/13 2013/14	• Prepare Communication Plan, including IGR • Implement Communication Plan • Investigate the feasibility of (1) merging the telephone switchboard and the emergency control room; (2) the establishment of a Complaints Register; and (3) the establishment of a Call Centre. • Implement Feasibility Study Outcomes for (1), (2) and (3) above • Investigate feasibility of establishing a Document Management System • Implement Feasibility Study Outcomes for establishing a Document Management System	• Approved Communication Plan • Quarterly Report to Portfolio Committee • Investigation completed and results presented to Portfolio Committee • Quarterly Report to Portfolio Committee • Investigation completed and results presented to Portfolio Committee • Quarterly Report to Portfolio Committee	DCS DMM

KPA 5: Good Governance and Public Participation					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
	To ensure that the Municipality is striving towards meeting its vision and goals	2012/13 2013/14 to 2016/17 2015/16 2012/13	• Prepare IDP • Review IDP • Review SDF • Establish IDP and Budget Steering Committee	• Approved IDP • Reviewed and approved IDP • Reviewed and approved SDF • IDP and Budget Steering Committee established	DMM
	To ensure a corruption-free organisation	2012/13 Annually Annually	• Prepare Whistle-Blowing Policy • Implement Anti-Fraud, Anti-Corruption and Whistle-Blowing Policies • Ensure effective and efficient functioning of Municipal Public Accounts Committee (MPAC)	• Approved Whistle-Blowing Policy • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee	DMM CFO
Public Participation	Ensure that public participation structures are established, capacitated and functional	Annually 2012/13 Annually	• Identify Stakeholders and establish IDP Forum • Revive Ward Committees • Ensure Ward Committees are functional (include training and development)	• Stakeholders identified and IDP Forum established • Ward Committees revived • Quarterly Report to Portfolio Committee	DMM
	To ensure Customer Satisfaction	Annually	• Conduct annual Customer Satisfaction Survey	• Customer Satisfaction Survey completed and approved	DMM
International Relation/s	To ensure the continuation of the twinning agreement with Geel Municipality (Belgium)	Annually	• Support knowledge-sharing, best-practices, skills transfer & training in the following areas: o Finance & Planning o Fire Fighting o Education o LED o Cultural Heritage	• Quarterly Report to Portfolio Committee	MM

KPA 6: Municipal Financial Viability and Management					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
Ensure the Municipal Revenue Streams are optimised	Ensure effective and efficient cash collection from customers	2012/13	• Improve debt collection system – particularly for Gingindlovu and Mtunzini, by providing a dedicated official for this function	• Dedicated official for management of the debt collection system appointed	CFO
	Installation of pre-paid meters for electricity	Annually	• Replacement of existing conventional meters	• 10% of existing conventional meters replaced annually	DES
	Appropriate development of municipal-owned land	2012/13	• Prepare Land Use Register for Municipal-owned properties	• Land Use Register for Municipal-owned properties completed and approved	DMM

KPA 6: Municipal Financial Viability and Management					
Development Goals	Development Strategies	Target Date	Development Objectives	Target	Resp Dept
Ensure effective and efficient Municipal budgeting and reporting mechanisms, procedures and processes	Ensure effective and efficient Municipal budgeting and reporting mechanisms, procedures and processes	Annually	• Amend monthly reports in compliance with National Treasury Reporting Requirements and make them more user-friendly	• Monthly reports amended to comply with National Treasury Reporting Requirements	CFO
Supply chain management	To strengthen the Supply Chain Unit and Processes	Annually Annually Annually	• Review SCM Policy • Compliance with Statutory Reporting requirements • Provide training and skills development to officials involved in procurement processes	• SCM Policy reviewed and approved • Quarterly Report to Portfolio Committee • Quarterly Report to Portfolio Committee	CFO

6.2 Breakdown of Operating Expenditure and Capital Expenditure aligned to the IDP

6.2.1 Operating Expenditure

Details	Budget 2011/2012	Budget 2012/2013	Budget 2013/2014	Budget 2014/2015
Rural Community Halls	300 000	200 000	800 000	1 000 000
Youth Development	400 000	200 000	400 000	500 000
Rural Education (Crèches)	314 640	200 000	300 000	300 000
Local Economic Development (LED)	4 800 000	1 429 750	3 477 250	3 613 990
Poverty Alleviation	1 500 000	1 440 000	1 450 000	3 500 000
Sport Development	400 000	300 000	400 000	400 000
HIV Relief	500 000	300 000	500 000	600 000
Work Creation Projects	1 292 020	1 000 000	1 600 000	1 800 000
Rural Roads and Causeways	2 900 000	3 810 000	4 023 360	4 240 620
Rehabilitation of Urban Roads	3 550 000	2 700 000	3 500 000	4 500 000
Increase In Eskom Supply		4 000 000	5 537 010	5 537 010

6.2.2 Capital Expenditure

Hereunder follows a breakdown of the capital expenditure aligned to the goals and action plans of the IDP:

MIG Allocations for 2012/2013 Financial Year

Description of Projects	Amount
NEW PROJECTS	
CRECHES	
Ngodini Creche	R 711,144-00
Lethukuthula Creche (Ward 24)	R 800,000-00
SPORTFIELDS	
Mnqadayi/Mgampondo Sportsfield (Ward 24)	R 1,700,000-00
ROADS	
Matshemhlophe Road (Ward 4)	R 1,480,328-00
Internal Roads Upgrade of KDS Human Settlement (Ward 12)	R 3,518,289-00
Butcher Street Roads (Ward 11)	R 2,892,226-00
Ohhahheni Road (Ward 22)	R 1,897,345-00
Nogobhoza Road (Ward 15)	R 5,097,122-00
Retentions	R 900,000-00
WASTE MANAGEMENT	
Rehabilitation of the Eshowe Landfill Site	R 7,054,546-00
Total MIG Projects for 2012/2013 Financial Year	R26,051,000-00

7. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

7.1 Hereunder follows the key financial indicators dealing with borrowing management, safety of capital, revenue and creditor management

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.2%	0.2%	0.6%	0.7%	0.7%	0.7%	0.7%	0.6%	0.5%	0.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.4%	0.3%	1.0%	1.1%	1.2%	1.2%	1.2%	1.1%	1.0%	0.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	15.0%	58.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.9%	4.4%	2.5%	5.9%	3.0%	3.2%	3.2%	3.4%	4.0%	7.1%
Liquidity											
Current Ratio	Current assets/current liabilities	1.5	1.3	1.4	1.6	1.7	1.8	1.8	1.8	1.9	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.3	1.4	1.6	1.7	1.8	1.8	1.8	1.9	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.6	0.6	0.7	0.9	0.7	0.7	0.7	0.8	0.8
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		120.9%	105.9%	92.3%	138.7%	91.1%	89.0%	89.0%	96.7%	103.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			120.9%	105.8%	92.9%	138.7%	91.1%	89.0%	89.0%	96.7%	103.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	21.0%	16.9%	17.3%	7.5%	6.7%	14.0%	14.0%	12.4%	11.0%	9.6%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		-658.2%	417.0%	282.9%	2345.5%	166.5%	480.4%	480.4%	598.2%	323.1%	218.3%
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	4.7%	2.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.1%	34.8%	32.1%	31.2%	28.7%	28.7%	28.7%	30.2%	29.8%	29.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	42.0%	43.1%	32.1%	37.8%	35.3%	35.3%		36.7%	36.1%	35.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.0%	4.0%	3.5%	6.9%	6.7%	6.7%		4.4%	5.1%	5.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.1%	5.8%	4.9%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	70.5	57.9	140.7	108.4	108.4	108.4	103.9	102.7	115.8	128.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	38.8%	28.8%	29.2%	12.9%	12.2%	26.1%	26.1%	25.5%	22.0%	18.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.3)	0.4	0.4	0.0	0.3	0.2	0.2	0.1	0.2	0.2

7.2 Hereunder follows the Financial Indicators for Revenue by Source and Expenditure by Type

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source																
Property rates		2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	29 921	32 163	34 165
Property rates - penalties & collection charges		53	53	53	53	53	53	53	53	53	53	53	53	633	602	572
Service charges - electricity revenue		4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	49 366	57 717	67 492
Service charges - refuse revenue		672	672	672	672	672	672	672	672	672	672	672	672	8 070	8 876	9 764
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		103	103	103	103	103	103	103	103	103	103	103	103	1 235	1 303	1 374
Interest earned - external investments		54	54	54	54	54	54	54	54	54	54	54	54	650	650	650
Fines		409	409	409	409	409	409	409	409	409	409	409	409	4 906	6 236	6 217
Licences and permits		289	289	289	289	289	289	289	289	289	289	289	289	3 468	3 649	3 846
Transfers recognised - operational		7 746	7 746	7 746	7 746	7 746	7 746	7 746	7 746	7 746	7 746	7 746	7 746	92 955	98 481	107 031
Other revenue		291	291	291	291	291	291	291	291	291	291	291	291	3 493	3 600	3 710
Gains on disposal of PPE		17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
Total Revenue (excluding capital transfers and contributions)		16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	194 897	213 476	235 020
Expenditure By Type																
Employee related costs		4 898	4 898	4 898	4 898	4 898	4 898	4 898	4 898	4 898	4 898	4 898	4 898	58 777	63 563	68 392
Remuneration of councillors		1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	12 774	13 541	14 353
Debt impairment		108	108	108	108	108	108	108	108	108	108	108	108	1 292	1 322	1 393
Depreciation & asset impairment		734	734	734	734	734	734	734	734	734	734	734	734	8 804	9 685	10 208
Finance charges		68	68	68	68	68	68	68	68	68	68	68	68	817	780	743
Bulk purchases		2 827	2 827	2 827	2 827	2 827	2 827	2 827	2 827	2 827	2 827	2 827	2 827	33 922	39 010	44 862
Contracted services		1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	18 162	18 713	19 739
Transfers and grants		227	227	227	227	227	227	227	227	227	227	227	227	2 718	2 839	3 080
Other expenditure		4 799	4 799	4 799	4 799	4 799	4 799	4 799	4 799	4 799	4 799	4 799	4 799	57 585	63 975	72 231
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	194 853	213 428	235 001
Surplus/(Deficit)		4	4	4	4	4	4	4	4	4	4	4	4	44	48	19
Transfers recognised - capital													–	–	–	–
Contributions recognised - capital													–	–	–	–
Contributed assets													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		4	4	4	4	4	4	4	4	4	4	4	4	44	48	19
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	4	4	4	4	4	4	4	4	4	4	4	4	44	48	19

7.3 Hereunder follows the measurable performance objectives for revenue and operating expenditure by vote

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	84 720	88 641	94 668
Vote 2 - BUDGET AND TREASURY OFFICE		183	183	183	183	183	183	183	183	183	183	183	183	2 191	2 412	2 384
Vote 3 - CORPORATE SERVICES		88	88	88	88	88	88	88	88	88	88	88	88	1 053	2 625	3 068
Vote 4 - PLANNING AND DEVELOPMENT		189	189	189	189	189	189	189	189	189	189	189	189	2 269	1 505	1 522
Vote 5 - HEALTH		197	197	197	197	197	197	197	197	197	197	197	197	2 365	2 221	2 701
Vote 6 - COMMUNITY AND SOCIAL SERVICES		152	152	152	152	152	152	152	152	152	152	152	152	1 819	3 268	3 438
Vote 7 - HOUSING		96	96	96	96	96	96	96	96	96	96	96	96	1 154	2 122	3 973
Vote 8 - PUBLIC SAFETY		498	498	498	498	498	498	498	498	498	498	498	498	5 970	7 521	7 557
Vote 9 - SPORTS AND RECREATION		216	216	216	216	216	216	216	216	216	216	216	216	2 586	3 272	3 561
Vote 10 - WASTE MANAGEMENT		882	882	882	882	882	882	882	882	882	882	882	882	10 584	11 214	11 915
Vote 11 - ROAD TRANSPORT		847	847	847	847	847	847	847	847	847	847	847	847	10 166	11 660	13 323
Vote 12 - ELECTRICITY		5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	70 020	77 016	86 911
Vote 13 - AIR TRANSPORT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - WORKSHOP		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	194 897	213 476	235 020
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	43 752	48 532	53 170
Vote 2 - BUDGET AND TREASURY OFFICE		888	888	888	888	888	888	888	888	888	888	888	888	10 652	11 757	12 423
Vote 3 - CORPORATE SERVICES		588	588	588	588	588	588	588	588	588	588	588	588	7 053	9 438	10 260
Vote 4 - PLANNING AND DEVELOPMENT		325	325	325	325	325	325	325	325	325	325	325	325	3 898	3 298	3 424
Vote 5 - HEALTH		502	502	502	502	502	502	502	502	502	502	502	502	6 020	4 597	5 236
Vote 6 - COMMUNITY AND SOCIAL SERVICES		243	243	243	243	243	243	243	243	243	243	243	243	2 914	3 310	3 530
Vote 7 - HOUSING		94	94	94	94	94	94	94	94	94	94	94	94	1 131	2 093	3 941
Vote 8 - PUBLIC SAFETY		1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	17 405	19 003	20 314
Vote 9 - SPORTS AND RECREATION		780	780	780	780	780	780	780	780	780	780	780	780	9 358	10 922	12 261
Vote 10 - WASTE MANAGEMENT		1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	13 817	15 299	16 573
Vote 11 - ROAD TRANSPORT		1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	14 476	16 274	18 263
Vote 12 - ELECTRICITY		5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	63 889	68 344	75 001
Vote 13 - AIR TRANSPORT		1	1	1	1	1	1	1	1	1	1	1	1	12	12	13
Vote 14 - WORKSHOP		40	40	40	40	40	40	40	40	40	40	40	40	477	550	592
Total Expenditure by Vote		16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	194 853	213 428	235 001
Surplus/(Deficit) before assoc.		4	4	4	4	4	4	4	4	4	4	4	4	44	48	19
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	4	4	4	4	4	4	4	4	4	4	4	4	44	48	19

7.4 Hereunder follows th measurable performance objectives for capital by vote

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE AND COUNCIL		250		20	24	30							–	324	56	38
Vote 2 - BUDGET AND TREASURY OFFICE		–	16	148	27	20	28	20	20	–	–		–	279	458	614
Vote 3 - CORPORATE SERVICES		450	100	563	438	543	468		100	100	2 300		–	5 060	2 150	490
Vote 4 - PLANNING AND DEVELOPMENT													–	–	80	–
Vote 5 - HEALTH					20								–	20	10	10
Vote 6 - COMMUNITY AND SOCIAL SERVICES				432	377	377	380				50		–	1 616	420	1 337
Vote 7 - HOUSING													–	–	–	–
Vote 8 - PUBLIC SAFETY		320		40	35	–	130				15		–	540	1 405	395
Vote 9 - SPORTS AND RECREATION			140		425	425	795	2 425	2 000	2 000	2 000	2 000	2 000	14 210	1 631	6 517
Vote 10 - WASTE MANAGEMENT		250			1 206	1 226	1 326	1 176	1 176	1 176			(0)	7 535	3 610	200
Vote 11 - ROAD TRANSPORT		1 318	1 362	1 305	1 208	1 862	2 212	1 356	1 371	1 605	4 810	1 290	1 290	20 991	23 736	24 486
Vote 12 - ELECTRICITY					100	20	20	20	20	–	620		–	800	3 243	1 643
Vote 13 - AIR TRANSPORT													–	–	–	–
Vote 14 - WORKSHOP					40								–	40	–	260
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital multi-year expenditure sub-total	2	2 588	1 618	2 507	3 900	4 502	5 358	4 997	4 687	4 881	9 795	3 290	3 290	51 414	36 799	35 989
Total Capital Expenditure	2	2 588	1 618	2 507	3 900	4 502	5 358	4 997	4 687	4 881	9 795	3 290	3 290	51 414	36 799	35 989

8. OVERVIEW OF BUDGET – RELATED POLICIES

8.1 This section gives a broad overview of the budget policy framework and highlights the amended policies to be approved by Council Resolution.

NAME OF POLICY	LAST DATE OF APPROVAL	NEW ADOPTION DATE	STATUS
Credit Control & Debt Collection Policy	30/05/2001 (Special Exco 252/00/01)	25/05/2010	Amended
Tariff Policy	01/06/2007 (Exco 01/06/07)		Reviewed
Property Rates Policy	05/09/2005 (Exco 95/05/00)	25/05/2010	Amended
Investment Policy	07/11/2005 (Exco 157/05/06)		Reviewed
Risk Management Policy	07/07/2008 (Exco 18/5/09)		Reviewed
Indigent Support Policy	01/03/2004 (Exco 337/05/04)	25/05/2010	Amended
Supply Chain Management Policy	03/12/2008 (Exco 208/08/09)	02/02/2010	Reviewed
Virement Policy	Min.no UMC 41/09/10	25/05/2010	Reviewed

The above mentioned policies can be reviewed on the Council's official website, and can also be obtained on request from the Council's offices.

8.2 The following amendments of the policies are tabled for consideration:

8.2.1 Rates Policy

8.2.1.1 CHAPTER 2-LEVYING OF RATES

CLAUSE 9 (EXEMPTIONS AND REBATES FROM RATES)

The following clause currently reads as follows:

"9.1.3 (f) State-owned property

- State-owned properties: residential 20%
- State-owned properties: public service infrastructure 30%
- State-owned properties: other 20%

To be replaced by:

9.1.3 (f) State-owned property

- State-owned properties: residential 0%
- State-owned properties: public service infrastructure 30%
- State-owned properties: other 0%

The following clause currently reads as follows:

9.3 The following categories of owners of residential properties shall additionally receive the following rebates on the rates due in respect of such properties after deducting the rebate applicable to residential properties:

9.3.2 *Property owners who belong to one of the following categories:

(a) A ratepayer older than 60 years of age;

(b) A bona fide pensioner under 60 years of age;

(c) A ratepayer under 60 years of age, but has been retired from employment by reason of illness or disability; and

d) whose total household income is as follows:

(i) a single person receiving a total income of R4 800,00 or less (ii) a married couple receiving a joint monthly income of R6 000,00 or less.	100% of the rates based on the rateable value up to R75 000.00 and 40% of the rates based on the rateable value above R75 000.00.

To be replaced by:

9.3 The following categories of owners of residential properties shall additionally receive the following rebates on the rates due in respect of such properties after deducting the rebate applicable to residential properties:

9.3.2 *Property owners who are both the permanent occupants and the sole owners of the property concerned and who belong to one of the following categories:

(a) A ratepayer older than 65 years of age;

(b) A bona fide pensioner under 65 years of age;

(c) A ratepayer under 65 years of age, but has been retired from employment by reason of illness or disability; and

d) whose total household income is as follows:

(i) a single person receiving a total income of R5 100,00 per month or less (ii) a married couple receiving a joint monthly income of R6 360,00 per month or less.	100% of the rates based on the rateable value up to R75 000.00 and 40% of the rates based on the rateable value above R75 000.00.
(iii) a single person receiving a total income of R5101.00 and more per month. (iv) a married couple receiving a joint monthly income of R6361 and more per month.	100% of the rates based on the rateable value up to R75 000.00 and 20% of the rates based on the rateable value above R75 000.00.

9. OVERVIEW OF BUDGET ASSUMPTIONS

9.1 In January 2010, Cabinet adopted 12 outcomes within which to frame public service delivery priorities and targets. Cabinet ministers have signed performance agreements linked to these outcomes. More detailed delivery agreements have since been developed to extend targets and responsibilities to national and provincial departments, agencies and municipalities.

The municipality is expected to take the 12 outcomes into consideration when reviewing the IDP and developing the annual Draft Budget for the 2011/2012 MTREF. Hereunder follows the 12 outcomes, together with examples of areas where the municipality have a role to play in either contributing directly to the realization of the outcomes or facilitating the work of national and provincial departments in realizing them.

12 Outcomes of Government-role of Local Government

No	Description	Role of Local Government
1	Improve the quality of basic education	• Facilitate the building of new schools by: - Participating in needs assessments - Identifying appropriate land - Facilitating zoning and planning processes • Facilitate the eradication of municipal service backlogs in schools by extending appropriate bulk infrastructure and installing connections
2	Improve health and life expectancy	• Many municipalities perform health functions on behalf of provinces • Strengthen effectiveness of health services by specifically enhancing TB treatments and expanding HIV and AIDS prevention and treatments. • Municipalities must continue to improve Community Health Service infrastructure by providing clean water, sanitation and waste removal services.
3	All people in South Africa protected and feel safe	• Facilitate the development of safer communities through better planning and enforcement of municipal by laws. • Direct the traffic control function towards policing high risk violations-rather than revenue collection • Metro police services should contribute by: - Increasing police personnel - Improving collaboration with SAPS - Ensuring rapid response to reported crimes
4	Decent employment through inclusive economic growth	• Create an enabling environment for investment by streamlining planning application processes. • Ensure proper maintenance and rehabilitation of essential services infrastructure. • Ensure proper implementation of the EPWP at municipal level • Design service delivery processes to be labour intensive • Improve procurement systems to eliminate corruption and ensure value for money • Utilize community structures to provide services
5	A skilled and capable workforce to support inclusive growth	• Develop and extend intern and work experience programmes in municipalities. • Link municipal procurement to skills development initiatives

6	An efficient, competitive and responsive economic infrastructure network	• Ring-fence water, electricity and sanitation functions so as to facilitate cost-reflecting pricing of these services • Ensure urban spatial plans provide for commuter rail corridors, as well as other modes of public transport • Maintain and expand water purification works and waste water treatment works in line with growing demand • Cities to prepare to receive the devolved public transport function • Improve maintenance of municipal road networks.
7	Vibrant, equitable and sustainable rural communities and food security	• Facilitate the development of local markets for agricultural produce • Improve transport links with urban centres so as to ensure better economic integration • Promote home production to enhance food security • Ensure effective spending of grants for funding extension of access to basic services.
8	Sustainable human settlements and improved quality of household life	• Cities must prepare to be accredited for the housing function. • Develop spatial plans to ensure new housing developments are in line with national policy on integrated human settlements • Participate in the identification of suitable land for social housing. • Ensure capital budgets are appropriately prioritized to maintain existing services and extend services.
9	A response and, accountable, effective and efficient local government system	• Adopt IDP planning processes appropriate to the capacity and sophistication of the municipality • Implement the community work programme • Ensure ward committees are representative and fully involved in community consultation processes around the IDP, budget and other strategic service delivery issues. • Improve municipal financial and administrative capacity by implementing competency norms and standards and acting against incompetence and corruption.
10	Protection and enhancement of environmental assets and natural resources	• Develop and implement water management plans to reduce water losses. • Ensure effective maintenance and rehabilitation of infrastructure • Run water and electricity saving awareness campaigns • Ensure proper management of municipal commonage and urban open spaces • Ensure development does not take place on wetlands.

11	A better South Africa, a better and safer Africa and world	• Role of Local Government is fairly limited in this area. Must concentrate on: - Ensuring basic infrastructure is in place and properly maintained. - Creating an enabling environment for investment.
12	A development-orientated public service and inclusive citizenship	• Continue to develop performance monitoring and management systems. • Comply with legal financial reporting requirements • Review municipal expenditures to eliminate wastage • Ensure councils behave in ways to restore community trust in Local Government.

9.2 The following budget assumptions have a major influence on the annual budget:

- It will take some time for the economic upturn to flow through to increased municipal revenues and better cash flows.
- The revenue stream of the Council will stay under pressure for the next three to four quarters in 2012.
- The increased high cost to move waste from the refuse transfer stations, to the regional refuse site.
- The excessive increases in the tariffs of bulk electricity purchases in the next three budget years, are putting pressure on the Council's draft operating expenditure budget.
- The increases in property rates and other tariffs are likely to be counter productive, resulting in higher levels of non payment and increased bad debts.

10. OVERVIEW OF BUDGET FUNDING

10.1 Medium term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description R thousands	2012/2013 Medium Term Revenue & Expenditure Framework					
	Budget Year 2012/2013	%	Budget Year 2013/2014	%	Budget Year 2014/2015	%
Property rates	30 555	16%	32 764	15%	34 736	15%
Service charges	57 436	30%	66 593	31%	77 256	33%
Investment revenue	650	0%	650	0%	650	0%
Transfers recognised-operational	92 955	48%	98 481	46%	107 030	46%
Other own revenue	13 301	6%	14 987	8%	15 347	6%
Total Operating Revenue (excluding capital transfers and contributions)	194 897	100%	213 476	100%	235 020	100%
Total Operating Expenditure	194 853		213 428		235 001	
Surplus/(Deficit)	44		48		19	

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as electricity, and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc)

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 85 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirement;
- The Property Rates Policy in terms of the Municipal Property Rates Act,2004 (Act 6 of 2004)(MPRA), and
- The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2012/2013 MTREF on the different revenue categories are:

Revenue category	2012/2013 proposed tariff increase	2013/2014 proposed tariff increase	2014/2015 proposed tariff increase	2012/2013 additional revenue for each 1% tariff increase	2012/2013 additional revenue owing to % tariff increase	2012/2013 Total Budgeted revenue
Property rates	6%	6%	6.5%	413 000	2 270 000	41 315 000
Solid waste	10%	10%	10%	81 000	934 000	8 070 000
Electricity	11.03%	18.7%	18.6%	494 000	5 324 000	49 366 000
Total				988 000	8 528 000	98 751 000

Revenue to be generated from property rates is R30 555 000 in the 2012/2013 financial year and increase to R34 736 000 by 2014/2015 which represents 16per cent of the operating revenue base of the municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2011/2012 financial year. It is anticipated that the process will be concluded by the end of 2012.

Service charges relating to electricity, and refuse removal constitutes the second biggest component of the revenue basket of the municipality totaling R57 436 000 for the 2012/2013 financial year and increasing to R77 256 000 by 2014/2015. For the 2012/2013 financial year service charges amount to 29 per cent of the total revenue base and grows by 2 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R92 955 000, R98 481 000 and R107 030 000 for each of the respective financial years of the MTREF, or 48, 46 and 46 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are the biggest component of the revenue basket.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R650 000, R650 000 and R650 000 for the respective three financial years of the 2012/2013 MTREF. It needs to be noted that theses allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustment budget.

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R44 000, R48 000 and R19 000 in each of the financial years.

10.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/2013 medium-term capital programme:

Vote Description	2012/2013 Medium Term Revenue & Expenditure Framework							
R thousands	Budget Year 2011/2012	%	Budget Year 2012/2013	%	Budget Year +1 2013/2014	%	Budget Year +2 2014/2015	%
Funded By: National Government Provincial Government	39 237		47 594		36 799		35 989	
Transfers recognized –capital Public contributions & donations. Borrowing internally generated funds	39 237	100%	47 594 3 820	93% 7%	36 799	100%	35 989	100%
Total Capital Funding	39 237	100%	51 414	100%	36 799	100%	35 989	100%

Capital grants and receipts equates to 100% of the total funding source.

The following table is a breakdown of the capital transfers and grants:

Description	2008/9	2009/10	2010/11	2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Transfers and Grants							
National Government:	–	30 530	22 488	38 577	35 844	34 799	35 989
Municipal Infrastructure Grant (MIG)		24 710	16 910	29 028	26 051	27 315	28 964
Equitable Share		5 819	5 578	9 549	9 543	7 484	7 025
Provincial Government:	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]							
District Municipality:	–	47	–	–	–	–	–
Uthungulu District Municipality		47	–				
Other grant providers:	–	15 970	922	660	12 000	2 000	–
Department Of Sports and Recreation				–	12 000		
Project Consolidate		261		–			
Library Services		1 451		–			
Department Of Minerals & Energy		1 596	922	660		2 000	
Department of Economic Development		7 172		–			
Development Bank of South Africa		5 490		–			
Internally generated funds				–	3 820		
Total Capital Transfers and Grants	–	46 546	23 409	39 237	51 414	36 799	35 989

10.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category:
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other" to be provided for as cash flow based on actual performance. In other words the actual collection rate of billed revenue, and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Budgeted cash flow statement

	Audited 2008/2009	Audited 2009/2010	Audited 2010/2011	Forecast 2011/2012	Budget 2012/2013	Budget 2013/2014	Budget 2014/2015
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Ratepayers and other	81 550	85 536	89 715	90 661	97 750	118 499	124 976
Government-operating	41 744	46 110	57 516	79 137	92 565	98 481	107 031
Government-capital	20 428	34 364	21 843	39 237	51 414	36 799	35 989
Interest	1 314	896	1 074	650	650	650	650
Payments							
Suppliers and employees	-125 652	-117 488	-149 621	-169 482	-188 360	-213 217	-228 041
Finance charges	-182	-149	-643	-856	-817	-780	-743
Transfers and grants	-306	-335	-399	-2 445	-2 718	-2 839	-3 080
NET CASH FROM (USED) OPERATING ACTIVITIES	18 896	48 934	19 485	36 901	50 874	37 593	36 782
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE	2 294	228	730	587	200	200	200
Decrease (increase) in non-current debtors	1	23	-499	-10	-3	-3	-3
Decrease (increase) other non-current debtors							
Decrease (increase) in non-current investments							
Payments							
Capital assets	-22 452	-46 546	-21 543	-39 237	-51 414	-36 799	-35 989
NET CASH FROM (USED) INVESTING ACTIVITIES	-20 157	-46 295	-21 312	-38 660	-51 217	-36 602	-35 792
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Borrowing long term/refinancing	716	3 209	2 575				
Increase(decrease) in consumer deposits	-50	48	203	190	160	160	190
Payments							
Repayment of borrowing	-227	-79	-329	-343	-343	-343	-343
NET CASH FROM (USED) INVESTING ACTIVITIES	439	3 178	2 449	-153	-183	-183	-153
NET INCREASE/(DECREASE) IN CASH HELD	-822	5 817	622	-1 911	-526	808	837
Cash/cash equivalents at the year begin	-1 485	-2 307	3 510	3 917	2 006	1 479	2 287
Cash/cash equivalents at the year end	-2 307	-3 510	4 132	2 006	1 479	2 287	3 124

The above table shows that cash and cash equivalents of the municipality improved between the 2008/2009 and 2011/2012 financial year, moving from a negative cash balance of R2 307 000 to a surplus of R2 006 000 with the 2011/2012 forecast.

Various cost efficiencies and savings had to be realized during this period to ensure the municipality could meet its operational expenditure commitments. For the 2012/2013 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term.

10.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (application>cash and investments) is indicative of non compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyze trends to understand the consequences, eg. The budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Cash backed reserves /accumulated surplus reconciliation

	Audited 2008/2009	Audited 2009/2010	Audited 2010/2011	Forecast 2011/2012	Budget 2012/2013	Budget 2013/2014	Budget 2014/2015
Cash and investment available							
Cash/cash equivalents at the year end	-2 307	3 510	4 132	2 006	1 479	2 287	3 124
Other current investments >90 days	15 987	15 440	17 025	15 315	13 202	15 254	14 836
Non current assets-investments	1	1	1	1	1	1	1
Total cash and investments available	13 681	18 951	21 158	17 322	14 682	17 542	17 961
Application of cash and investments							
Unspent conditional grants	7 738	14 111	16 032	8 016	5 611	6 172	6 481
Unspent Borrowing	717	3 755	5 828	5 485	5 142	4 799	4 456
Statutory requirements (VAT)	350	386	1 547	1 200	900	1 100	1 000
Other working capital requirements	-12 878	-8 166	-13 248	-13 015	-14 534	-17 065	-15 357
Other provisions	537	603	820	850	830	820	810
Reserves to be backed by cash/investments	11 389	11 839	13 519	14 032	14 438	15 669	16 707
Total application of cash and investments	7 853	22 528	24 498	16 568	12 387	11 495	14 097
Surplus/(Shortfall)	5 828	-3 577	-3 340	754	2 295	6 047	3 864

From the above table it can be seen that the cash and investments available total R13 202 000 in the 2012/2013 financial year and progressively increase to R14 836 000 by 2014/2015, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/2012 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants. For the 2012/2013 financial year provision has been made for this liability.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The liability in this regard totaled R900 000 for the 2012/2013 financial year.
- Against other provisions an amount R830 000 has been provided for the 2012/2013 financial year and this decrease to R810 000 by 2014/2015. This liability is informed by, amongst others, the commuting of staff leave.
- A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

It can be concluded that the municipality's level of non cash-backing progressively deteriated over the period 2008/2009 to 2011/2012. The 2012/2013 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

10.5 Funding compliance measurement

National treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are obtained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding measurement

Description	2008/9	2009/10	2010/11	2011/2012	2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures							
Cash/cash equivalents at the year end - R'000	(2 307)	3 510	4 132	2 006	1 479	2 287	3 124
Cash + investments at the yr end less applications - R'000	5 828	(3 577)	(3 340)	754	2 295	6 047	3 864
Cash year end/monthly employee/supplier payments	(0.3)	0.4	0.4	0.2	0.1	0.2	0.2
Surplus/(Deficit) excluding depreciation offsets: R'000	(3 193)	(4 713)	(4 647)	116	44	48	19
Service charge rev % change - macro CPIX target exclusive	N.A.	17.8%	16.1%	(6.0%)	(8.7%)	6.9%	6.7%
Cash receipts % of Ratepayer & Other revenue	120.9%	105.8%	92.9%	89.0%	96.7%	103.8%	98.3%
Debt impairment expense as a % of total billable revenue	0.0%	0.0%	0.0%	1.4%	1.4%	1.3%	1.2%
Capital payments % of capital expenditure	94.8%	100.0%	92.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	15.0%	58.5%	0.0%	0.00%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations					64.2%	72.8%	74.8%
Current consumer debtors % change - incr(decr)	N.A.	(7.4%)	23.4%	113.8%	102.5%	-2.8%	-4.5%
Long term receivables % change - incr(decr)	N.A.	(2.3%)	52.1%	48.3%	48.6%	0.2%	0.2%
R&M % of Property Plant & Equipment	3.4%	2.1%	1.4%	3.2%	2.1%	2.8%	3.5%
Asset renewal % of capital budget	10.5%	4.0%	5.8%	8.1%	20.0%	52.1%	13.0%

10.5.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirement.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet the MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/2013 MTREF shows R1 479 000, R2 287 000 and R3 124 000 for each respective financial year.

10.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in section 10.4. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

10.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been improving for the period 2008/2009 to 2011/2012, moving from (0.3) to 0.2 with the adopted 2011/2012 MTREF. As part of the 2012/2013 MTREF the municipality's cash position causes the ratio to move downwards to 0.1 for the outer years. The municipality aims to achieve at least on month's cash coverage in the medium term, and then gradually towards two months coverage. This measure will have to be carefully monitored going forward.

10.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a surplus, it may indicate that rates and service charges are sufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/2013 MTREF the indicative outcome is a surplus of R44 000,R48 000 and R19 000.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

10.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target.

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently3-6 per cent). The result is intended to be approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals (8.7), 6.9 and 6.7 per cent for the respective financial years of the 2012/2013 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 11.03 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

10.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and creditability of the budget assumptions contained in the budget. It can be seen that the outcome is at 96.7, 103.8 and 98.3 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

10.5.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 10 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

10.5.8 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

10.5.9 Consumer debtors change (Current and non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivable, both from the Budgeted Financial Position. Both measure show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

10.5.10 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because that a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

10.5.11 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categories each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

10.6 Particulars of rates, refuse, electricity tariffs and other charges:

When the rates, electricity and refuse tariffs and other charges were revised, the following were taken into account:

- The wage agreements with unions.
- Other input costs of services provided by the Council
- The need to ensure financial sustainability
- Local economic conditions
- The affordability of services, taking into consideration the Council's indigent policy
- Relevant policy developments in the different sectors.

10.6.1 Hereunder follows the tariffs for consideration:

PROPERTY RATES

Categories	Ratio in relation to residential property
Residential Property	1 : 1
Commercial and Industrial Property	1 : 1
Agricultural Property	1 : 0.25
Public Service Infrastructure	1 : 0.25

TARIFFS FOR PROPERTY RATES

Category	2011/2012 c/R	2012/2013 c/R
Residential	1.05	1.11
Commercial and Industrial	1.05	1.11
Government	1.05	1.11
Municipal	1.05	1.11
Clubs/Churches	1.05	1.11
Agricultural	0.2625	0.2787
Public service infrastructure	0.2625	0.2787

PROPERTY RATES – REBATES AND REVENUE FOREGONE (2012/2013)

	% Rebates	Total
Rebates		
Clubs/Churches	100	955 858
Pensioners	40	104 494
Pensioners (earning above the stipulated threshold)	20	522 357
Municipal Properties	100	2 176 268
Indigents	100	769 565
Land Claim Farms	100	71 304
3rd Year phasing in	25	1 074 379
Early Settlement	5	11 484
Small Holdings with agricultural activities	50	2 843
		5 688 553
Revenue Foregone		
First 30% of the M/V for PSI		1 820 663
1st R75 000 non-ratable on residential		2 519 443
1st R15 000 non-ratable on vacant residential		731 883
TOTAL		10 760 542

ELECTRICITY SUPPLY

SECTION A: CHARGES FOR ELECTRICITY

		2011/2012	2012/2013
1.	Eshowe Consumers		
1.1	Domestic consumers, churches and old age homes		
1.1.1	Monthly service charge (which charge excludes any kilowatt hour of electricity consumed)	172.14	191.10
1.1.2	Consumption charge		
	INCLINING BLOCK TARIFF SYSTEM		
	0 – 50 KwH	0.72	0.76
	51 – 350 KwH	0.82	0.93
	351 – 600 KwH	1.12	1.24
	601 > KwH	1.14	1.27
1.2	Businesses, clubs, boarding houses, hotels, schools and hostels, Government / NPA		
1.2.1	Monthly service charge (which charge excludes any kilowatt hour of electricity consumed)		
	For a single-phase connection per month For a three-phase connection per month	219.57 631.25	244.60 703.20
1.2.2	Consumption charge	1.07	1.19
1.3	Large Consumers		
1.3.1	Monthly Service charge (which charge excluded any kilowatt hour of electricity consumed)	278.51	399.60
	Consumption charge for KVA	145.65	162.25
1.3.2	Consumption charges	0.59	0.66
1.3.3	Bulk Supply Service Charge	0	4 374.70
2.	King Dinuzulu Consumers		
2.1	Monthly Service Charge		
	Domestic	172.14	191.10
	Businesses	631.25	703.20
2.2	Consumption Charge	1.07	1.19
	Domestic		
	INCLINING BLOCK TARIFF SYSTEM		
	0 – 50 KwH	0.72	0.76
	51 – 350 KwH	0.82	0.93
	351 – 600 KwH	1.12	1.24
	601 > KwH	1.14	1.27
	Businesses	1.07	1.19

3.	User where Prepaid Meters have been installed		
3.1	Consumption charge –Domestic		
	INCLINING BLOCK TARIFF SYSTEM		
	0 – 50 KwH	0.72	0.76
	51 – 350 KwH	0.82	0.93
	351 – 600 KwH	1.12	1.24
	601 > KwH	1.30	1.44
3.2	Consumption charge-Commercial (single phase)	219.57	244.60
3.3	Consumption charge-Commercial (three phase)	631.25	703.20
3.4	Low Cost Housing		
	INCLINING BLOCK TARIFF SYSTEM		
	0 – 50 KwH	0.72	0.76
	51 – 350 KwH	0.82	0.93
	351 – 600 KwH	0.97	1.08
	601 > KwH	1.03	1.14
3.5	Fee for purchasing pre-paid electricity for after hours	10.00	10.00
4.	Connection fees for the supply of Electricity to Building Contractors		
4.1	Connection fees other than 3 phase		
4.1.1	Connection fees (including disconnection)	321.94	394.40
4.1.2	Plus all kilowatt hours consumed at Maximum period of supply 6 months	1.07	1.19
4.2	3 Phase connections		
4.2.1	Connection fee (including disconnection)	631.25	703.20
4.2.2	Plus all kilowatt hours consumed at no maximum period of supply 6 months	1.10	1.20
5.	Availability Charge		
5.1	An availability charge is payable in respect of all properties, which can be yet or not served by the electricity reticulation network.	174.20	194.10

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SECTION B: CONSUMER DEPOSITS

		2011/2012	2012/2013
1.	Domestic Supply		
	Amateur sporting clubs Charitable institutions Churches Government dwellings and institutions Private dwelling houses Retirement and care centres Townhouses Residential Flats	2800.00	3 400.00
2.	Low Cost Housing Schemes		
2.1	Where valuation of property is below R75 000,00 (receives free refuse)	NIL	
2.2	Where valuation of property exceeds R75 000,00	320.00	350.00
3.	Households With Pre Paid Electricity	320.00	350.00

4.	Commercial Supply		
4.1	Deposit to be based on three times the average monthly account over a period of three months of a similar business or three times the average account over a period of three months of the previous consumer		
4.2	Should the business to be operated be of the same type or per discretion of the Chief Financial Officer or his assignee with a minimum of R3300,00		
4.3	Where the minimum deposit is more than R5000.00, the applicant be allowed to provide a bank guarantee for the required deposit.		

5.	Commercial Consumers with Pre Paid Electricity		
5.1	Refuse removal service at least one day per week	490.00	530.00
5.2	Refuse removal service for a six day removal per week	935.00	1 340.00

SECTION C: SUNDRY ELECTRICITY CHARGES

		2011/2012	2012/2013
1.	Testing Fee		
1.1	Special fee for testing installation at consumers request	120.39	147.50
1.2	Meter test o Prepayment meter testing fee o Single phase conventional meter o 400V Three phase conventional meter o 11 kv meter	 306.97 410.50 529.67 Cost +10%	 376.00 502.80 648.90 Cost +10%
1.3	Inspection fee, after failure upon first test		
1.4	Fee for checking meter reading (Which fee will be refunded should the reading be found to be incorrect)	198.64	243.30
2.	Disconnection Charge		
2.1	Final Notice of demand		
2.1.1	Properties within the Municipality	144.46	177.00
2.1.2	Properties outside the Municipality (Plus 32c /km)	144.46	177.00
2.1.3	Where the disconnection is performed by a private contractor at the request of the Manager Financial Services	288.93	354.00
3.	Reconnection Charge (penalties for services that may be disconnected if not paid on due date)		
3.1	For non-payment of account	144.46	177.00
3.2	For other reasons, per each occasion	144.46	177.00
3.4	Connection charge – after office hours	433.37	520.00
4.	SERVICE CONNECTION FEES (NEW TARIFFS)		
4.1	Single phase prepayment connection (60 amp)	1 610.00	1 737.00
4.2	Single phase prepayment connection (Sunnydale 20 amp)	885.60	890.00
4.3	Upgrade single phase prepayment connection (20 amp - 60 amp) (KDS / Sunnydale)	10 190.00	11 008.00
4.4.	Alternative single phase prepayment connection including ready board and cable	3 285.00	3 552.00
4.5	Single phase meter conversion from conventional to prepayment(Domestic and Small Business)	1 100.00	1 185.00
4.6	Three phase meter conversion from conventional to three phase prepayment (Domestic and Small Business)	3 915.00	4 072.00
4.7	Single phase conventional connection (see council resolution)	1 300.00	1 407.00

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4.8	Second single phase prepayment connection on the same or subdivided premises	12 720.00	13 742.00
4.9	Single phase meter conversion from conventional to three phase conventional (Domestic and Small Business)	13 390.00	14 458.00
4.10	Single phase meter conversion from conventional to three phase prepayment meter (Domestic and Small Business)	14 710.00	15 890.00
4.11	Domestic conversion from single to three phase maximum demand on connection (100Amp)	15 280.00	16 506.00
4.12	Domestic three phase conventional connection with a maximum demand of 100Amp	14 830.00	16 020.00
4.13	Domestic three phase prepayment connection	4 030.00	4 190.00
4.14	New 80A single phase supply or conversation from 60A to 80A	4 380.00	4 730.00
4.15	Non-domestic three phase connection with a maximum demand of 100Amp	18 270.00	19 733.00
4.16	Conversion from 80A single phase prepayment to 3 phase prepayment connection	10 570.00	10 996.00
4.17	Three phase connection with a max demand greater than 60 Amp (100A Eshowe) All cost plus 10% of all equipment necessary plus the cost of the infrastructure contributions for additional electricity above that being existing or allowed based on the zoning and area of the premises		
5.	Tampering Fee	1 445.57	1770.80
6.	Pre Paid Electricity Identification Card		
7.	Moving / Relocation of a prepayment meter	511.62	626.70
8.	Replacement of damaged or burnt-out prepayment meter single phase	577.82	707.80
9.	Replacement of damaged or burnt-out prepayment meter three phase	2 263.15	2772.00
10.	Certificate of Compliance – revisit fee	382.22	468.20

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WASTE MANAGEMENT

SECTION A: REFUSE REMOVAL FEES

1.	*ESHOWE*	2011/2012	2012/2013
1.1	Domestic (removal service one day per week) Per refuse receptacle, per month	106.99	116.00
1.2	Removal of refuse from business and other premises		
1.2.1	Per refuse receptacle for a service of at least one day per week, per month	163.20	176.90
1.2.2	Per refuse receptacle for a six days per week clearance, per month	411.87	446.50
1.3	King Dinuzulu Users Residential Business	 97.69 145.82	 116.00 176.90
1.4	Mass container removal service four days per week,		
1.4.1	per container, per month	3 445.14	3 734.50
1.4.2	Mass container removal service four days per container where the consumer supplies the container for – The first 12 months Thereafter per month	 610.22 3 445.14	 661.50 3 734.50
1.4.3	2 Mass Containers + 4 Receptacle	8 137.75	8 821.30
1.5	Schools		
1.5.1	Removal Service one day per week,	165.01	178.90
1.5.2	Per refuse receptacle for a six days per week clearance, per month at schools	411.87	446.50
1.6	Hire of garden refuse container "Skip" for 2 day period	350.00	350.00
1.7	Removal of builders' rubble from properties per load of 2,3m or part hereof	580.00	630.00
1.8	Per polythene plastic bags	2.00	2.00
1.9	One bag of polythene black plastic bags (20 bags)	35.00	35.00
1.10	Making use of transfer station		
1.10.1	Businesses (Including garden services)	165 per ton	179.00 per ton
1.10.2	Builders rubble	165 per ton	179.00 per ton

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2.	*MTUNZINI*	2011/2012	2012/2013
	Removal of household, domestic or business refuse from all properties / for 2 removals per week, per month or part thereof -		
2.1	Domestic including clubs	106.99	116.00
2.2	Hotels and supermarkets	667.30	723.40
2.3	Other food handling businesses	311.87	446.50
2.4	Non-food handling businesses	163.20	176.90
2.5	Schools	165.01	178.90
2.6	Caravan parks for every 10 sites or part thereof	112.42	121.90
2.7	For every additional removal per load or part hereof	163.20	176.90
2.8	General Residential II sites per unit	112.42	121.90
2.9	Prawn farm		
2.10	Use of refuse dump by instances outside municipal area, per month or part thereof	1 230.24	1 333.60
2.11	Removal of refuse other than household or domestic, per load thereof	165.01	178.90
2.12	Removal of building rubble, per load thereof	580.00	628.70
2.13	Removal of Garden refuse per black bag	22.00	23.90
2.14	Making use of transfer station		
2.14.1	Businesses (Including garden services)	165 per ton	179.00 per ton
2.14.2	Builders rubble	165 per ton	179.00 per ton
3.	*GINGINDLOVU*		
3.1	Commercial per month	163.20	176.90
3.1.1	Commercial (Bulk) per month	125.76	136.30
3.2	Residential per month	106.99	116.00
3.3	Garden Refuse per black bag or part thereof	22.00	23.90
3.4	Rubble Removal per load or part thereof	580.00	628.70
3.5	Lot Clearing per lot	Cost +10%	Cost +10%

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1.	ADVERTISEMENTS	2011/2012	2012/2013
	Display of Advertisements General advertisements of events, meetings. Billboards, directional signage and any other signage determined by the Council may be subject to the services of an Advertising Consultant Company. Application Fee for all advertising		R100.00
1.1	Posters and Flags (per poster or flags per month): - General Welfare Organisations Political (per announced election period)	 R12.00 R0.50 R.050	 R15.00 R1.00 R1.00
1.2	Per banner per month	R110.00	R120.00
1.5	Billboards – per Bill Board annual charge irrespective if display period is less than one year	R12 200.00	R15 000.00
1.6	Deposit of 50% of quantities displayed - such deposit shall be retained by Council to cover costs incurred if adverts are not removed within the determined time period as stipulated in the Advertising Bylaws.	50% of total	50% of total
2.	HANDBILLS	2011/2012	2012/2013
2.1	For the permission to distribute handbills within the Municipality, Per month	R550.00	R600.00
2.2	For the permission to distribute handbills with the Municipality, Per year	R3 600.00	R4000.00
3.	COMMUNITY HALLS	2011/2012	2012/2013
3.1	HIRE FEE FOR COMMUNITY HALLS		
3.1.1	General functions including weddings, concerts, contests, dances, exhibitions, tournaments and any other function which derives a financial benefit	R1400.00	R2000.00
3.1.2	Religious Services	R200.00	R200.00
3.1.3	Public meetings	R200.00	R200.00
3.1.4	Hire of Community Halls facilities by non-residents for any purposes	Normal rate +50%	Normal rate +50%
3.1.5	Political Meetings	R250.00	R250.00
3.1.6	For any other purpose approved by the Council per day	R1000.00	R1200.00
3.1.7	Hire of Premier Conference Center	R800.00	R1000.00
3.2	DEPOSIT FEE FOR COMMUNITY HALLS		
3.2.1	General functions including weddings, concerts, contests, dances, exhibitions, tournaments and any other function which derives a financial benefit	R3500.00	R3500.00
3.2.2	Religious Services	R200.00	R200.00
3.2.3	Public Meetings	R200.00	R200.00
3.2.4	For any other purpose approved by the Council per day	R800.00	R800.00
3.2.5	Political Meetings	R500.00	R500.00

The right to determine the period of hire is reserved by Council and the Municipal Manager is delegated discretionary authority on interpretation of applications and relevant tariffs to be charged.
Deposits to be paid in advance in cash or bank guaranteed cheque. Temporary bookings will be accepted subject to 50% of the required deposit being paid in advance and the balance payable 24 hours prior to the event. All events or meeting must be concluded by 12:00 midnight and no sleeping in the any Council premises is permitted.

4.	TOWN PLANNING	2011/2012	2012/2013
4.1	Consideration for approval of subdivisions/consolidations		
4.1.1	Basic fee	R1000,00	R1100.00
4.1.2	Additional fee, per subdivision (Remainder to be considered a subdivision)	R100,00	R110.00
4.1.3	Amendment of subdivisions in process	R200,00	R220.00
4.1.4	Application for Registration of right of way servitudes/long term leases – Administration Fee (Note – This excludes legal fees)	R200,00	R220.00
4.1.5	Application for phasing/cancellation of approved layout plans – Administration Fee	R1 500,00	R1650.00
4.2.	Application for relaxation of building line and/or side and rear spaces in terms of Town Planning Clauses (per application)	R650,00	R700.00
4.3.	Rezoning Applications		
4.3.1	Rezoning of unused public open spaces in line with Council's Policy (NOTE – Advertisement, Closure and subdivision/consolidation fees would still apply)	Nil	NIL
4.3.2	Other rezonings:		
	(i) Less than 1 ha	R2 000,00	R2200.00
	(ii) 1 hectare and over but less than 5 hectares	R2 500,00	R2750.00
	(iii) 5 hectares and over but less than 10 hectares	R3 500,00	R4000.00
	(iv) 10 hectares and over	R5 000,00	R5500.00
4.4.	Zoning certificates	R40,00	R50.00
4.5.	Special Consent		
4.5.1	Consent to operate home industry without additional employment opportunities (Category A)	R500,00	R550.00
4.5.2	All other consent use applications (Category B)	R1 000,00	R1100.00
4.6.	Removal of Restrictive Conditions of Title	R1 000,00	R1100.00
4.7.	Closure of Public Streets / Open Spaces – Administration Fee	R250,00	R260.00
4.8.	Administration of DFA Applications:		
	(i) Less than 1 ha	R2 000,00	R2200.00
	(ii) 1 hectare and over but less than 5 hectares	R2 500,00	R2750.00
	(iii) 5 hectares and over but less than 10 hectares	R3 500,00	R4000.00
	(iv) 10 hectares and over	R5 000,00	R5500.00
4.9.	Development outside of scheme areas		
	(i) Less than 5 hectares	R3 000,00	R3300.00
	(ii) 5 hectares and over but less than 10 hectares	R4 500,00	R5000.00
	(iii) 10 hectares and over	R7 000,00	R7700.00
4.10.	Public Notice		
4.10.1	Notices in the legal section	R2 000,00	R2200.00
4.10.2	Notices in the body of the paper	R5 000,00	R5500.00
4.11.	Hearings	Cost plus 10%	Cost plus 10%
4.12.	Fines – as per Section 75 and 89 of the Planning and Development Act		
4.12.1	Fines as per Section 75	As per court order	As per court order
4.12.2	Additional penalties in accordance with Section 76	As per court order	As per court order

4.12.3	Section 89 Civil Penalty	10-100% of value of illegal building/construction, etc.	10-100% of value of illegal building/construction, etc.
4.13	Copies of planning documents & schemes		
4.13.1	Copy of the uMlalazi Planning Scheme	Nil	R80.00
4.13.2	Copy of a Planning Scheme Map per map	Nil	R150.00

In light of the introduction of the new Planning and Development Act in April 2010, the tariffs have had to be revised so as to respond to the new planning processes included therein. In that regard, all proposals now read as per the tariff. In the instance that multiple applications are lodged for consideration of Council, individual tariffs will be applicable to each type of application included on the application form.

Applications previously known as "consent uses" will now be known as Formal Authority throughout the Councils jurisdiction. This is in line with the PDA. Applications previously known as "Special Consent" will now be known as Consent throughout the Council's jurisdiction. This is in line with the PDA.

5.	ENCROACHMENT – SIGNS	2011/2012	2012/2013
	Street Encroachment The charges for street encroachment shall be payable annually in advance per sign as follows:-		
5.1	Verandah posts, each	R300.00	R330.00
5.2	Verandah, ground floor, per m² or part thereof and including Cantilevers overhanging the pavement or footpaths, Per m² or part thereof	R20.00	R25.00
5.3	Sign boards on, or overhanging the footpaths or pavement, each	R450.00	R500.00
5.4	Building Rubble, sand and the like left on the pavement per day or part thereof	R100.00	R120.00
5.5	Display of signs for hotels, boarding houses, guest houses and Bed and breakfast accommodation (Maximum 4 signs per establishment), per sign per annum	R400.00	R450.00
5.6	Any other signage excluded from 5.5	NIL	R200.00 Per month

6.	MISCELLANEOUS SERVICES	2011/2012	2012/2013
	The following fee shall be paid to the Manager Financial Services in advance for the production of documents, provision of certificates and extract information from records, etc.		
6.1	Search fee per account, document or file produced for inspection or duplicate accounts made out	R45.00	R50.00
6.2	Certified copy of extract from Council's minutes and or hearing per page	R45.00	R50.00
6.3	Rates certificates for each certificate granted	R50.00	R55.00
6.4	Another certificate for each certificate	R50.00	R55.00
6.5	Standard and other bylaws per copy Extract of bylaws per page or part thereof	R70.00 R15.00	R80.00 R20.00
6.6	Valuation Roll per town	R700.00	R750.00
6.7	Valuation Roll per folio	R15.00	R20.00
6.8	Voters Roll per folio	R15.00	R20.00
6.9	General Photocopy fees	R5.00	R7.00
6.10	Clearing of vacant lots	R900.00	R1000.00
6.11	Tender Documents – Unless specifically prescribed	R350.00	R400.00
6.12	Any occupier or owner of a stand within the uMlalazi Municipality will, subject to non-compliance or default to a statutory notice directing him/her to cut and clear a stand, have the stand cut by the uMlalazi Municipality and the same costs placed on his/her consumer account	R500.00	R550.00

7.	LIBRARIES	2011/2012	2012/2013
7.1	Overdue library material excluding videos	R4.00	R4.00
7.2	Overdue video material	R5.00	R5.00
7.3	Overdue library books including talking books	R4.00	R4.00
7.4	Overdue DVD material	R6.00	R6.00
7.5	Overdue Technicon Books	R6.00	R6.00
7.6	Lost book identity card	R40.00	R40.00
7.7	Lost patron card	R40.00	R40.00
7.8	Lost Technicon card	R40.00	R40.00
7.9	2nd notification letter / post card	R20.00	R20.00
7.10	Photocopies of Library material per page	R0.50	R0.50
8.	PROMOTION OF ACCESS TO INFORMATION	2011/2012	2012/2013
8.1	Application Fee	R40.00	R50.00
8.2	For every A 4 photocopy relating to the promotion of access to Information Act	R3.00	R4.00
8.3	For a copy in a computer readable format: - Compact Disk Copy of an audio record	 R60.00 R60.00	 R65.00 R65.00
8.4	To search for the record for disclosure for each hour excluding the first hour	R35.00	R40.00
8.5	The actual postal fee is payable when a copy of a record must be posted to a requester		
9.	PUBLIC TOILETS	2011/2012	2012/2013
9.1	Usage of public toilet per person	R3.00	R3.00
9.2	Collection of water for cooking; washing cars and other per litre	R1.10	R1.10
10.	SWIMMING POOL - SUNNYDALE	2011/2012	2012/2013
10.1	Day ticket - Children	R5.00	R5.00
10.2	Day ticket - Adults	R7.50	R7.50
	Season ticket - Children	R50.00	R50.00
10.3	Season ticket - Adults	R75.00	R75.00
11.	GARDEN REFUSE AND BUILDING RUBBLE TARIFFS	2011/2012	2012/2013
11.1	Garden Refuse - per ton load or part thereof	R50.00	R55.00
11.2	Commercial - per ton load	R180.00	R200.00
11.3	Building Rubble - per ton load	R180.00	R200.00
11.4	Mixed domestic waste - per ton load	R85.00	R95.00
11.5	Timber/tree stumps - per ton load	R180.00	R200.00
12.	BUILDING PLAN TARIFFS	2011/2012	2012/2013
12.1	NEW WORKS		
12.1.1	For each new building or additions to existing buildings per square metre		
12.1.2	For the first 20 m²	R180.00	R200.00
12.1.3	Each additional 10 m² or part thereof up to 5 000 m²	R100.00	R120.00
12.1.4	Each additional 10 m² or part thereof more than 5 000 m² and up to 15 000 m²	R40.00	R50.00
12.1.5	Each additional 10 m² or part thereof more than 15 000 m²	R25.00	R30.00

12.2	AS BUILT OR AMENDED PLANS		
12.2.1	For as built plans, 25% of existing submission fee, plus full tariff for additional new works	25% of existing fee plus full tariff	25% of existing fee plus full tariff
12.3	INTERNAL ALTERATIONS TO EXISTING BUILDINGS		
12.3.1	Any form of internal alterations to existing buildings of any nature not defined as "as built" or amended plans" (i.e. plans passed and structures which have already passed occupation requirements)		
12.3.2	Fixed tariff : Structures up to 500 m²	R280.00	R300.00
12.3.3	Structures up to 5 000 m²	R580.00	R600.00
12.3.4	Structures exceeding 5 000 m²	R940.00	R950.00
12.3.5	For the renewal of plans which have expired	50% of existing submission fee	50% of existing submission fee
12.3.6	For swimming-pools	R280.00	R300.00
12.3.7	For boundary walls / Fences	R280.00	R300.00
12.3.8	For any other plan submitted other than described above, a fixed tariff of	R370.00	R400.00
12.3.9	For a permit for minor structures in terms of Act 103 of 1977, a fixed tariff of	R180.00	R200.00
13.	PRODUCTION OF MAPS/BUILDING PLAN	2011/2012	2012/2013
13.1	OZALID COPIER		
13.1	A1 paper	R35.00	R35.00
13.2	HP COPIERS BLACK/WHITE PRINTS		
13.2.1	A4	R20.00	R20.00
13.2.2	A3	R25.00	R25.00
13.2.3	A2 & A1	R35.00	R35.00
13.2.4	A0	R55.00	R55.00
13.3	HP COPIERS COLOUR PRINTS		
13.3.1	A4	R30.00	R30.00
13.3.2	A3	R45.00	R45.00
13.3.3	A2 & A1	R130.00	R130.00
13.3.4	A0	R180.00	R180.00
13.4	LAMINATE COPIES		
13.4.1	A2 & A1	R45.00	R45.00
13.4.2	A0	R65.00	R65.00
13.5	A0 SCANNER, COPIER & PRINTER		
13.5.1	A0 paper	R40.00	R40.00
13.5.2	A1 paper	R25.00	R25.00
13.5.3	A0 plastic	R80.00	R80.00
13.5.3	A1 plastic	R45.00	R45.00
14.	ENGINEERING INSPECTIONS AND APPLICATIONS	2011/2012	2012/2013
14.1	P.T.O. Applications	R350.00	R350.00
14.2	Sewer Inspections	R180.00	R200.00
14.3	Encroachments (per side)	R160.00	R180.00
14.4	Site visit for boundary lines (per peg)	R170.00	R180.00
15.	ROAD CROSSING RE-INSTATEMENTS	2011/2012	2012/2013
15.1	Premix surfacing per m²	R100.00	R110.00
15.2	Base (G2 crusher run) per m²	R110.00	R120.00

16.	CEMETERY TARIFFS	2011/2012	2012/2013
16.1	TARIFFS FOR RESIDENTS		
16.1.1	Burial for stillborn/infant	R600.00	R660.00
16.1.2	Burial for person under the age of 12 years	R700.00	R770.00
16.1.3	Burial for person over the age of 12 years	R950.00	R1000.00
16.1.4	Burial Double deep	R1650.00	R1700.00
16.1.5	Burial Casket	R1650.00	R1700.00
16.1.6	Double grave	R1950.00	R2000.00
16.1.7	Niche – Wall of Remembrance	R300.00	R330.00
16.2	TARIFFS FOR NON-RESIDENTS		
16.2.1	Burial for stillborn/infant	R1500.00	R1550.00
16.2.2	Burial for person under the age of 12 years	R2200.00	R2300.00
16.2.3	Burial for person over the age of 12 years	R4200.00	R4300.00
16.2.4	Double grave	R6200.00	R6500.00
16.2.5	Niche – Wall of Remembrance	R500.00	R550.00
16.3	GENERAL		
16.3.1	Opening a grave for exhumation	R7500.00	R8000.00
16.3.2	Permission to erect memorial stone	R260.00	R280.00
16.3.3	Proof must be handed in that the deceased was resident in the Council's area or jurisdiction for a continuous period exceeding 3 months		
16.3.4	Burial plot sizes: adult – 2,5m x 1,5m x 1,8m deep		
16.3.5	Burial plot sizes: child – 1,5m x 1,0 x 1,8m deep		
16.3.6	Burial aperture sizes: adult – 2,2m x 0.9m x 1,8m deep		
16.3.7	Burial aperture sizes: child – 1,2m x 0,7m x 1,8m		

TAXI RANK TARIFFS

1.	Permit Per Annum	R100.00	R100.00

POUND TARIFFS: -

No	Type of fee or cost	Amount of fee or cost due and payable to Pound Master	Amount of fee or cost due and payable to Council
1	Transportation Fee	The kilometer tariff for the vehicle which, in the discretion of the pound keeper, is reasonably necessary to transport the relevant animal to the pound, as determined by the Automobile if South Africa (AA) from time to time.	Nil
2	Pound fee / tariffs	a. R30.00 per day for any pig, sheep or goat b. R70.00 per day for any other animal	a. R15.00 per day for any pig, sheep or goat b. R50.00 per day for any other animal
3	Other costs (All other actual costs including tending, dipping or spraying, wound dressing, medication, veterinarian and any other costs required)	Actual cost	Nil

10.7 Debtor's collection levels

The Finance Department endeavors to improve the collection levels of the outstanding debtor accounts by implementing the following:

- To execute termination of electricity supply by looking at the total outstanding account on the premises. This means that the electricity supply will be terminated if property rates is outstanding on the property
- To block the sale of pre paid electricity by looking at the total outstanding account, including property rates on the premises.
- An improved structure for arrangements and extensions of time for payment of outstanding debt.
- Quarterly meetings with the Council's attorneys to discuss problem areas on handed over cases.

10.8 Planned savings and efficiencies over the medium term revenue and expenditure framework

The following savings and efficiencies were discussed at management and Executive Committee level:

- Cut down on nice to have items in the operating expenditure and capital budgets.
- Cut down on unnecessary subsistence and travel to workshops and meetings that do not add value to the Council's operations.
- Managers of departments are instructed to improve the control of the overtime of their staff.
- The implementation plans in terms of the IDP must be developed and implemented in house by the relevant departments. Avoid the appointment of consultants.
- The Manager: Protection Services must ensure the productive utilization of the speeding camera/cameras
- To enhance the revenue on waste management, the Manager: Engineering services must identify which consumers are placing a burden on the waste transfer station.

10.9 Investments

At present the Council does not have investments to fund the operating or capital expenditure. The investment portfolio for the Council is investments for conditional grants received from National Treasury.

10.10 Planned proceeds from the lease of assets

Rental Facilities		
Description	Budgeted Amount for 2011/2012	Budgeted Amount for 2012/2013
Hire of Halls & Equipment	98 370	103 370
Hire of Building(Sportsclub)	7 100	7 570
Mtunzini Sugar Cane Farm	346 850	410 140
Rent – Sugar Cane Lease (Eshowe)	679 210	422 510
Rent-Zululand Show Society	200	0
Rent – Sundry	121 420	127 980
Leases – Land Ging	204 430	76 330
Rental – Road Reserve	190	190
Rent Received (Staff housing)	75 790	79 880
Rent Received (Sunnydale house)	6 610	6 940
Total Budgeted for Rental Facilities	1 540 170	1 234 910

10.11 Planned use of bank overdraft

- The Council's primary bank account is with First National Bank in Eshowe
- The overdraft facility at the bank is R5 000 000.
- It is envisaged that use will be made of the bank overdraft facility during the 2012/2013 budget year, due to payment of large amounts for capital projects while waiting for transfer of government grants

10.12 New borrowing proposed to be raised.
There is no capital project in the 2012/2013 budget year that requires external funding.

11. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

11.1 The expenditure on allocation and grant programmes are as follows:

Details	Operating Budget 2012/2013	Capital Budget 2012/2013
NATIONAL GOVERNMENT		
EQUITABLE SHARE		
Rates Fund Admin Contribution	34 993 130	
International Relations	300 000	
Free Refuse Service	1 207 400	
Sports Field - Security	531 740	
Rural Roads/Causeways	3 810 000	
Sports Development (Flagship)	300 000	
Cultural Development (Flagship)	100 000	
Work Creation Projects (Flagship)	1 000 000	
Free Electricity i.t.o. National Gov Policy	1 049 850	
Humanitarian Indigent Support (Flagship)	500 000	
HIV Relief Fund (Flagship)	300 000	
Youth Development Programmes (Flagship)	200 000	
Early Childhood Development	200 000	
Disaster Relief	542 560	
Community Support Programme (Flagship)	200 000	
Rehabilitation Urban Roads/Street	2 700 000	
Led Projects	1 429 750	
Ceremonial Events	100 000	
Commemorative Celebrations	100 000	
Community Halls Maintenance (Rural)	200 000	
Housing – NaickervilleTop Up	1 000 000	

Solid Waste Projects	1 067 520	
Rural Grounds Maintenance	200 000	
Poverty Alleviation (Flagship)	1 440 000	
Councillors Remuneration Grant	6 333 000	
Caretaking – Rural Buildings	200 000	
Depreciation Relief	5 282 650	
Increase in Eskom Supply	4 000 000	
Community Halls Maintenance – Urban	300 000	
Animal pound facility	600 000	
Rural fire Prevention	100 000	
Capital Projects Contribution		6 013 400
Eshowe Bus/Taxi Rank Contribution		3 500 000
Propnet propeties		2 100 000
New Administration Offices		1 750 000
Total Equitable Share	70 287 600	13 363 400

Municipal Infrastructure Grant		
Ngodini Creche		711 144
LEthukuthula Creche (Ward 24)		800 000
Mnqadayi/Mgampondo Sportsfield (Ward 24)		1 700 000
Matshemhlophe Road (Ward 4)		1 480 328
Internal Roads Upgrade of KDS Human Settlement (Ward 12)		3 518 289
Buther Street Raods (Ward 11)		2 892 226
Ohhahheni Road (Ward 22)		1 897 345
Nogobhoza Road (Ward 15)		5 097 122
Retentions		900 000
Rehabilitation of Eshowe Landfill Site		7 054 546
Total MIG Projects		26 051 000

LG Finance Management Grant	1 500 000	
Projects Management Unit (MIG Projects)	980 000	
Total Grants	2 480 000	

COGTA		
Municipal Systems Improvement Grant (MSIG)	800 000	
NT: Integrated electrification programme grant	15 000 000	
NT: EPWP Integrated grant	1 000 000	
Department of Sports & Recreation		12 000 000
Total COGTA	16 800 000	12 000 000

Provincial Heath Department		
Clinic Subsidy	637 000	
Total for Provincial Health Department	637 000	
Provincial Administration		
Museum Subsidy	134 000	
Community Library Services	216 000	
Provincialisation of Libraries	1 298 000	
Property Rates	574 000	
Total Provincial Administration	2 222 000	

uThungulu District Municipality		
UDM: Salary Claims	528 420	
Total UDM	528 420	
TOTAL GRANT ALLOCATION	92 955 020	51 414 400

11.2 Reconciliation of DORA Gazetted Grants

- Equitable Share Reconciliation 2012/2013

1. Operating Budget

As per Municipality's Operation Budget	R92 955 020
Less:	
LG Finance Management Grant	R 1 500 000
Municipal Systems Infrastructure Grant	R 800 000
NT: Integrated electrification programme grant	R15 000 000
NT: EPWP Integrated grant	R 1 000 000
Clinic Subsidy	R 637 000
Museum Subsidy	R 134 000
Community Library Services	R 216 000
Provincialisation of Libraries	R 1 298 000
Property Rates	R 574 000
UDM Salary Claims	R 528 420
Project Management Uniit (MIG Projects)	R 980 000
Total Operatiing Budget Equitable Share (1)	R70 287 600

2. Capital Budget

As per Municipality's Capital Budget	R51 414 400
Less:	
Municipal Infrastructure Grant	R26 051 000
Eshowe Bus and Taxi Rank Contribution (Prior Year Equitable share)	R 1 720 000
Propnet Properties (Prior Year Equitable Share)	R 2 100 000
Department of Sports and Recreation	R12 000 000
Total Capital Budget – Equitable Share (2)	R 9 543 400
Total Equitable Share as Gazetted (Add Totals 1&2)	R79 831 000

- Municipal Infrastructure Grant Reconciliation 2012/2013

As per Capital Budget MIG Allocation	R26 051 000
Add: PMU Admin Fees – 5%	R 980 000
Total MIG as Gazetted	R27 031 000

- LG Municipal Finance Management Grant

LG Finance Management Grant	R 1 500 000

- Municipal Systems Infrastructure Grant

Municipal Systems Infrastructure Grant	R 800 000

11.3 Hereunder follows the proposed equitable share allocations for the next 3 budget years

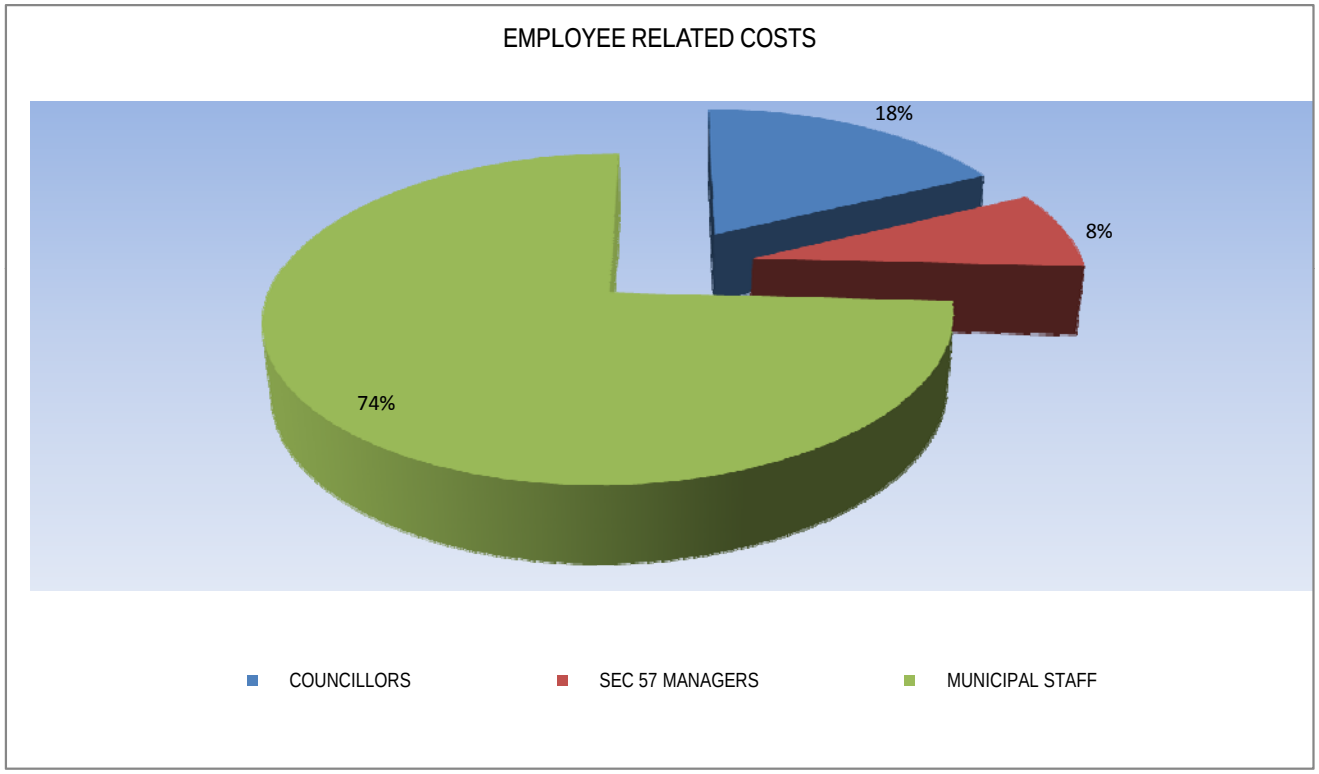
DETAILS	BUDGET 2012/2013	BUDGET 2013/2014	BUDGET 2014/2015
International relations	300 000	100 000	100 000
Community halls maintenance (Rural)	200 000	800 000	1 000 000
Community halls maintenance (Urban)	300 000	800 000	1 000 000
Rural community halls		300 000	300 000
Care taking: rural buildings	200 000	350 000	370 000
Youth development	200 000	400 000	500 000
Early childhood development	200 000	300 000	300 000
Community support programme	200 000	200 000	200 000
Local economic development (LED)	1 429 750	3 477 250	3 613 990
Ceremonial events	100 000	100 000	100 000
Commemorative celebrations	100 000	150 000	150 000
Rates relief	34 993 130	32 625 950	31 677 380
Depreciation on assets contribution	5 282 650	6 163 060	6 779 370
Poverty alleviation	1 440 000	1 450 000	3 500 000
Councillor's remuneration	6 333 000	7 164 000	9 156 000
Animal pound facility	600 000	600 000	600 000
Rural fire prevention	100 000	150 000	200 000
Disaster assistance	542 560	750 000	800 000
Humanitarian assistance	500 000	658 200	1 000 000
Sport development	300 000	400 000	400 000
Cultural development	100 000	100 000	100 000
HIV Relief	300 000	500 000	600 000
Work creation projects	1 000 000	1 600 000	1 800 000
Sports fields - security	531 740	558 320	586 240
Rural grounds maintenance	200 000	500 000	750 000
Rural roads and causeways	3 810 000	4 023 360	4 240 620
Rehabilitation of urban roads	2 700 000	3 500 000	4 500 000
Free refuse	1 207 400	1 251 800	1 413 010
Solid waste relief	1 067 520	826 260	456 720
Sunnydale housing top up			3 802 320
Naickerville housing top up	1 000 000		
Mpushini Park housing top up		1 959 440	
Free electricity	1 049 850	1 102 350	1 157 340
Increase in Eskom supply	4 000 000	5 537 010	5 537 010
Capital projects contribution	9 543 400	7 484 000	7 025 000
	79 831 000	85 881 000	93 715 000

12. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

12.1 Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6 218	6 587		7 384	7 506	7 506	7 780	8 247	8 742
Pension and UIF Contributions		638	695		816	874	874	1 167	1 237	1 311
Medical Aid Contributions		111	121		128	102	102	125	133	141
Motor Vehicle Allowance		2 335	2 545		2 790	2 890	2 890	3 024	3 206	3 398
Cellphone Allowance		531	579		639	639	639	678	718	761
Housing Allowances		38	38		41	41	41	–	–	–
Other benefits and allowances										
Sub Total - Councillors		9 871	10 565	–	11 798	12 051	12 051	12 774	13 541	14 353
% increase	4		7.0%	(100.0%)	–	2.1%	–	6.0%	6.0%	6.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 454	2 999	3 876	3 954	3 870	3 870	3 566	3 773	4 032
Pension and UIF Contributions		541	603	693	722	707	707	698	736	786
Medical Aid Contributions		68	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		346	608	629	765	765	765	684	556	589
Motor Vehicle Allowance	3	694	896	649	790	777	777	645	645	645
Cellphone Allowance	3	–	–	60	60	60	60	72	72	72
Housing Allowances	3	7	–	–	–		–			
Other benefits and allowances	3						–	24	26	28
Payments in lieu of leave							–			
Long service awards							–			
Post-retirement benefit obligations	6						–			
Sub Total - Senior Managers of Municipality		4 109	5 106	5 906	6 292	6 179	6 179	5 690	5 808	6 152
% increase	4		24.3%	15.7%	6.5%	(1.8%)	–	(7.9%)	2.1%	5.9%
Other Municipal Staff										
Basic Salaries and Wages		23 094	27 852	31 163	34 636	32 386	32 386	36 393	38 118	41 177
Pension and UIF Contributions		3 972	4 773	5 454	6 425	5 675	5 675	7 968	10 319	11 129
Medical Aid Contributions		1 207	1 491	1 746	2 176	2 194	2 194	2 271	2 410	2 651
Overtime		1 661	2 064	2 265	2 630	2 401	2 401	2 692	2 950	3 191
Performance Bonus		0	–	54	–	–	–	0	169	179
Motor Vehicle Allowance	3	1 584	1 614	1 733	1 730	1 640	1 640	1 853	1 821	1 821
Cellphone Allowance	3	–	–	(60)	(60)	(60)	(60)	(72)	(72)	(72)
Housing Allowances	3	195	150	141	184	138	138	138	135	135
Other benefits and allowances	3	482	901	1 463	1 742	1 777	1 777	1 843	1 906	2 029
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		242	334	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		32 437	39 179	43 960	49 463	46 151	46 151	53 087	57 755	62 240
% increase	4		20.8%	12.2%	12.5%	(6.7%)	–	15.0%	8.8%	7.8%
Total Parent Municipality		46 417	54 850	49 867	67 553	64 381	64 381	71 552	77 104	82 745
			18.2%	(9.1%)	35.5%	(4.7%)	–	11.1%	7.8%	7.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		46 417	54 850	49 867	67 553	64 381	64 381	71 552	77 104	82 745
% increase	4		18.2%	(9.1%)	35.5%	(4.7%)	–	11.1%	7.8%	7.3%

EMPLOYEE RELATED COSTS	
2012/2013 MTREF	
DESCRIPTION	BUDGET YEAR 2012/2013 R'000
COUNCILLORS	12774
SEC 57 MANAGERS	5690
MUNICIPAL STAFF	53087
TOTAL EXPENDITURE	71552



12.2 Salaries, allowances & benefits (political office bearers/councillors/senior managers)							
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	Total Package
Rand per annum				1.			2.
Councillors	3						
Speaker	4	1	322 477	66 688	149 692		538 857
Chief Whip		1	317 254	47 588	141 584		506 426
Executive Mayor		1	407 078	79 378	182 123		668 579
Deputy Executive Mayor		1	338 405	50 761	149 692		538 858
Executive Committee		8	1 183 051	209 388	847 596		2 240 035
Total for all other councillors		40	4 999 130	838 358	2 443 944		8 281 432
Total Councillors	8	52	7 567 395	1 292 161	3 914 631		12 774 187
Senior Managers of the Municipality	5						
Municipal Manager (MM)			893 728	162 704	143 160	159 660	1 359 252
Chief Finance Officer			592 725	120 265	102 000	112 419	927 408
Deputy City Manager - Corporate Services			453 303	160 156	134 371	103 016	850 846
Deputy City Manager - Protection Services			614 052	13 778	120 000	103 016	850 846
Deputy City Manager - Community Services			471 600	119 400	156 830	103 016	850 846
Deputy City Manager - Engineering Services			540 788	99 042	108 000	103 016	850 846
List of each offical with packages >= senior manager							–
Deputy Chief Financial Officer			450 674	84 855	114 940	–	650 469
							–
Total Senior Managers of the Municipality	8	0	4 016 870	760 199	879 302	684 144	6 340 514
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		52	11 584 265	2 052 360	4 793 933	684 144	19 114 701

12.3 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		52	3	49	52	4	48	52	4	48
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	7		7	7		7	7		7
Other Managers	7	8	8		8	8		8	8	
Professionals		*10*	*10*	–	*10*	*10*	–	*12*	*12*	–
Finance		5	5		5	5		5	5	
Spatial/town planning		4	4		4	4		6	6	
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		1	1		1	1		1	1	
Technicians		*273*	*273*	–	*279*	*279*	–	*279*	*279*	–
Finance		18	18		18	18		18	18	
Spatial/town planning		31	31		31	31		31	31	
Information Technology		4	4		4	4		4	4	
Roads		23	23		27	27		27	27	
Electricity		22	22		23	23		23	23	
Water										
Sanitation										
Refuse		25	25		26	26		26	26	
Other		150	150		150	150		150	150	
Clerks (Clerical and administrative)		13	13		13	13		13	13	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS		363	307	56	369	314	55	371	316	55
% increase					1.7%	2.3%	(1.8%)	0.5%	0.6%	–
Total municipal employees headcount	6									
Finance personnel headcount	8									
Human Resources personnel headcount	8									

13. MONTHLY TARGETS FOR REVENUE AND CASHFLOW

13.1 Hereunder follows a consolidation for revenue by source and expenditure by type

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source															
Property rates	2 296	4 305	3 177	2 152	2 440	1 928	2 145	2 044	2 132	2 175	2 051	2 147	28 989	30 617	32 607
Property rates - penalties & collection charges	53	53	53	53	53	53	53	53	53	53	53	53	633	602	572
Service charges - electricity revenue	3 699	3 979	4 161	4 016	3 604	4 370	3 734	3 901	4 072	3 850	3 512	3 951	46 850	51 945	60 743
Service charges - refuse revenue	474	511	577	576	607	555	571	514	579	574	601	558	6 698	7 988	8 788
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	103	103	103	103	103	103	103	103	103	103	103	103	1 235	1 303	1 374
Interest earned - external investments	54	54	54	54	54	54	54	54	54	54	54	54	650	650	650
Fines	385	464	74	529	558	259	272	330	480	513	575	467	4 906	6 236	6 217
Licences and permits	279	280	283	258	271	218	384	272	317	247	330	316	3 456	3 649	3 846
Transfer receipts - operational	51 829	–	2 067	–	22 940	132	350	–	24 068	–	–	132	101 518	104 765	113 260
Other revenue	1 465	12 345	8 448	8 243	865	8 546	9 996	12 316	1 237	12 963	5 768	6 268	88 461	101 011	105 000
Cash Receipts by Source	60 637	22 094	18 998	15 984	31 495	16 218	17 662	19 586	33 095	20 532	13 047	14 048	283 396	308 767	333 055
Other Cash Flows by Source															
Transfer receipts - capital	5 148	–	–	–	–	5 960	2 000	2 000	17 923	2 000	2 000	2 000	39 031	28 515	30 164
Proceeds on disposal of PPE	–	–	–	–	–	–	200	–	–	–	–	–	200	200	200
Increase (decrease) in consumer deposits	13	13	13	13	13	13	13	13	13	13	13	13	160	160	190
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–	(3)	(3)	(3)	(3)
Total Cash Receipts by Source	65 799	22 108	19 011	15 997	31 508	22 191	19 875	21 599	51 031	22 545	15 060	16 059	322 784	337 639	363 606
Cash Payments by Type															
Employee related costs	4 898	4 898	4 898	4 898	4 898	4 899	4 899	4 899	4 899	4 899	4 899	4 893	58 777	63 563	68 392
Remuneration of councillors	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	12 774	13 541	14 353
Finance charges	–	–	408	–	–	–	–	–	409	–	–	–	817	780	743
Bulk purchases - Electricity	1 038	4 041	4 739	2 682	2 535	2 515	2 528	3 007	2 779	2 529	2 729	2 800	33 922	39 010	44 862
Contracted services	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	18 162	18 713	19 739
Transfers and grants - other	2 257	–	–	–	–	–	–	461	–	–	–	–	2 718	2 839	3 080
Other expenditure	55 247	8 594	4 339	1 860	16 761	7 232	5 138	5 772	35 536	2 564	1 788	235	145 067	161 929	175 955
Cash Payments by Type	66 018	20 111	16 962	12 018	26 773	17 224	15 144	16 717	46 201	12 570	11 994	10 506	272 238	300 375	327 124
Other Cash Flows/Payments by Type															
Capital assets	2 588	1 618	2 507	3 900	4 502	5 358	4 997	4 687	4 881	9 795	3 290	3 290	51 414	36 799	35 989
Repayment of borrowing	–	–	–	–	–	–	(343)	–	–	–	–	–	(343)	(343)	(343)
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	68 607	21 729	19 469	15 918	31 275	22 582	19 798	21 404	51 082	22 365	15 284	13 796	323 310	336 831	362 770
NET INCREASE/(DECREASE) IN CASH HELD	(2 808)	379	(458)	80	233	(391)	77	195	(51)	180	(224)	2 263	(526)	808	837
Cash/cash equivalents at the month/year begin	2 006	(802)	(424)	(882)	(802)	(569)	(960)	(883)	(688)	(739)	(559)	(782)	2 006	1 480	2 288
Cash/cash equivalents at the month/year end	(802)	(424)	(882)	(802)	(569)	(960)	(883)	(688)	(739)	(559)	(782)	1 480	1 480	2 288	3 125

13.2 Hereunder follows a consolidation for revenue by source and expenditure by type

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	7 060	84 720	88 641	94 668
Vote 2 - BUDGET AND TREASURY OFFICE		183	183	183	183	183	183	183	183	183	183	183	183	2 191	2 412	2 384
Vote 3 - CORPORATE SERVICES		88	88	88	88	88	88	88	88	88	88	88	88	1 053	2 625	3 068
Vote 4 - PLANNING AND DEVELOPMENT		189	189	189	189	189	189	189	189	189	189	189	189	2 269	1 505	1 522
Vote 5 - HEALTH		197	197	197	197	197	197	197	197	197	197	197	197	2 365	2 221	2 701
Vote 6 - COMMUNITY AND SOCIAL SERVICES		152	152	152	152	152	152	152	152	152	152	152	152	1 819	3 268	3 438
Vote 7 - HOUSING		96	96	96	96	96	96	96	96	96	96	96	96	1 154	2 122	3 973
Vote 8 - PUBLIC SAFETY		498	498	498	498	498	498	498	498	498	498	498	498	5 970	7 521	7 557
Vote 9 - SPORTS AND RECREATION		216	216	216	216	216	216	216	216	216	216	216	216	2 586	3 272	3 561
Vote 10 - WASTE MANAGEMENT		882	882	882	882	882	882	882	882	882	882	882	882	10 584	11 214	11 915
Vote 11 - ROAD TRANSPORT		847	847	847	847	847	847	847	847	847	847	847	847	10 166	11 660	13 323
Vote 12 - ELECTRICITY		5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	5 835	70 020	77 016	86 911
Vote 13 - AIR TRANSPORT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - WORKSHOP		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	194 897	213 476	235 020
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	43 752	48 532	53 170
Vote 2 - BUDGET AND TREASURY OFFICE		888	888	888	888	888	888	888	888	888	888	888	888	10 652	11 757	12 423
Vote 3 - CORPORATE SERVICES		588	588	588	588	588	588	588	588	588	588	588	588	7 053	9 438	10 260
Vote 4 - PLANNING AND DEVELOPMENT		325	325	325	325	325	325	325	325	325	325	325	325	3 898	3 298	3 424
Vote 5 - HEALTH		502	502	502	502	502	502	502	502	502	502	502	502	6 020	4 597	5 236
Vote 6 - COMMUNITY AND SOCIAL SERVICES		243	243	243	243	243	243	243	243	243	243	243	243	2 914	3 310	3 530
Vote 7 - HOUSING		94	94	94	94	94	94	94	94	94	94	94	94	1 131	2 093	3 941
Vote 8 - PUBLIC SAFETY		1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	1 450	17 405	19 003	20 314
Vote 9 - SPORTS AND RECREATION		780	780	780	780	780	780	780	780	780	780	780	780	9 358	10 922	12 261
Vote 10 - WASTE MANAGEMENT		1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	13 817	15 299	16 573
Vote 11 - ROAD TRANSPORT		1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	14 476	16 274	18 263
Vote 12 - ELECTRICITY		5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	63 889	68 344	75 001
Vote 13 - AIR TRANSPORT		1	1	1	1	1	1	1	1	1	1	1	1	12	12	13
Vote 14 - WORKSHOP		40	40	40	40	40	40	40	40	40	40	40	40	477	550	592
Total Expenditure by Vote		16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	16 238	194 853	213 428	235 001
Surplus/(Deficit) before assoc.		4	4	4	4	4	4	4	4	4	4	4	4	44	48	19
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	4	4	4	4	4	4	4	4	4	4	4	4	44	48	19

13.3 Hereunder follows a consolidation for revenue by source and expenditure by type

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE AND COUNCIL		250		20	24	30							–	324	56	38
Vote 2 - BUDGET AND TREASURY OFFICE		–	16	148	27	20	28	20	20	–	–		–	279	458	614
Vote 3 - CORPORATE SERVICES		450	100	563	438	543	468		100	100	2 300		–	5 060	2 150	490
Vote 4 - PLANNING AND DEVELOPMENT													–	–	80	–
Vote 5 - HEALTH					20								–	20	10	10
Vote 6 - COMMUNITY AND SOCIAL SERVICES				432	377	377	380				50		–	1 616	420	1 337
Vote 7 - HOUSING													–	–	–	–
Vote 8 - PUBLIC SAFETY		320		40	35	–	130				15		–	540	1 405	395
Vote 9 - SPORTS AND RECREATION			140		425	425	795	2 425	2 000	2 000	2 000	2 000	2 000	14 210	1 631	6 517
Vote 10 - WASTE MANAGEMENT		250			1 206	1 226	1 326	1 176	1 176	1 176			(0)	7 535	3 610	200
Vote 11 - ROAD TRANSPORT		1 318	1 362	1 305	1 208	1 862	2 212	1 356	1 371	1 605	4 810	1 290	1 290	20 991	23 736	24 486
Vote 12 - ELECTRICITY					100	20	20	20	20	–	620		–	800	3 243	1 643
Vote 13 - AIR TRANSPORT													–	–	–	–
Vote 14 - WORKSHOP					40								–	40	–	260
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital multi-year expenditure sub-total	2	2 588	1 618	2 507	3 900	4 502	5 358	4 997	4 687	4 881	9 795	3 290	3 290	51 414	36 799	35 989
Total Capital Expenditure	2	2 588	1 618	2 507	3 900	4 502	5 358	4 997	4 687	4 881	9 795	3 290	3 290	51 414	36 799	35 989

14. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS-INTERNAL DEPARTMENTS

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department – Municipal Managers Office												
KPA: Municipal financial viability and management												
Vote: Executive and Council												
1. Mayoral Office												
Report on implementation of budget	Submit quarterly to Council	4		1		1		1		1		
Performance indicators in S D B I P	Made public in July 2012	1		1								
Performance agreements in S D B I P	Made public in July 2012	1		1								
Time schedule of key deadlines for budget and IDP process	Tabled in August 2012	1		1								
Mid- year performance assessment report	Tabled in January 2013	1						1				
Adjustments budget	Tabled in January 2013	1						1				
Annual report	Tabled in January 2013	1						1				
Draft budget, revisions to IDP, resolutions and other related documents	Tabled in March 2012	1						1				
Issues raised in Auditors-General report	Addressed in March 2013	1						1				
Consultation on draft budget	No. of meetings in April 2013	7								7		
Responds to submissions of community	Amends budget in May 2013	1								1		
Service Delivery and Budget Implementation Plan	Approve in May 2013	1								1		
KPA: Basic Service Delivery												
Purchase furniture, fittings and equipment	Deliver in September 2012		R24 000	R24 000								

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
2. Municipal Manager												
Monthly budget statement to Mayor and PT	No of statements	11		3		2		3		3		
Monthly budget statements and mid year budget and performance assessment	Consolidate in July 2012	1		1								
Consolidated report of withdrawals report to Council on the expenditure incurred on staff salaries, wages, allowances & benefits	Submit quarterly to Council	4		1		1		1		1		
Time schedule of key deadlines for budget and IDP process	Made public in August 2012	1		1								
Annual financial statements to Auditor General	Submit end of August 2012	1		1								
Internal Strategic Consultation processes	Start in October 2012	2				2						
Engages with national and provincial sector Depts. on sector specific programmes for alignment with IDP	Begins in September 2012	2		1		1						
Impact of different service delivery levels on rates and tariffs	Inform community in October 2012	1				1						
National policies, budget plans and potential price increases of bulk resources	Review with dept heads in Oct 2012	1				1						
Changes to the IDP for incorporation into IDP review	Review in November 2012	1				1						
Mid- year performance assessment report to Mayor, N T & P T	Submit in January 2013	1						1				
Annual report	Make public in March 2013	1						1				
Annual report to AG, PT and D T & LG	Submit in March 2013	1						1				
National and Provincial allocations	Review in February 2013	1						1				

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Municipal Manager (continues)												
Draft budget and plans for next 3 years to Mayor	Submit in March 2013	1						1				
Oversight report of annual report	Made public in March 2013	1						1				
Draft budget, plans and proposed revisions to IDP	Publish in March 2013	1						1				
	Publish in June 2013	1								1		
Approved budget and budget related policies												
SDBIP and annual performance agreements	Submit in June 2013	1								1		
to Mayor	Submit in June 2013	1								1		
Approved SDBIP to National Treasury												
KPA: Municipal transformation and organizational development												
Vote: Executive and Council												
Municipal Manager												
Departmental Communication	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
	No of dept strategic meetings	12		3		3		3		3		
New Municipal IDP	Complete by January 2013	100%				75%		100%				
Amend and align PMS with IDP	Complete by January 2013	100%				75%		100%				
Performance agreements of S57 managers signed	No of agreements signed by July 2012	6		6								
(OPMS) Operational performance management system	No of reports to Council	2				1				1		
Mid -year performance report	Submit by January 2013	1						1				
Annual performance report	Submit by July 2012	1		1								
Quarterly performance evaluation of S57 Managers	No of evaluations	4		1		1		1		1		
KPA: Local economic development												
Vote: Executive and Council												
Municipal Manager												
Local economic development projects	Rand value on budget spend		R1 429 750	R360 000		R720 000		R1 080 000		R1 429 750		
Establish sustainable SMME's	Rand value											
Capacity building initiative	No of initiatives	100		25		25		25		25		

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
KPA: Good Governance and public participation												
Vote: Executive and Council												
Municipal Manager												
Involve ward committees in IDP process	No of Ward held committee meetings	104	R150000	26		26		26		26		
IDP Road shows	No of road shows conducted	52		26				26				
IDP representative forum meetings	No of rep forum meetings	2		1				1				
Financial Audit committee	No of meetings	4	R36 000	1		1		1		1		
Performance Audit committee	No of meetings	2		1				1				
Implement anti corruption/fraud prevention Plan	Quarterly reports	4		1		1		1		1		
Risk areas in accordance with Council's Risk Assessment Plan	Quarterly reports	4		1		1		1		1		
KPA: Basic Service Delivery												
Vote: Executive and Council												
Municipal Manager												
Purchase furniture (DMM)	Deliver in August 2012	R20 000		R20 000								
Purchase equipment(DMM)	Deliver in October 2012	R30 000				R30 000						

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Department – Corporate Services												
KPA: Municipal financial viability and management												
1. Vote: Finance & Administration												
1.1 Administration												
Draft 2013/2014 Departmental budget	Submit in November 2012	1				1						
Draft Department al SDBIP	Submit in February 2013	1						1				
Approved 2012/2013 budget by Council	Published in June 2012	1		1								
KPA: Municipal transformation and organizational development												
Vote: Finance & Administration												
Administration												
Departmental Communication	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
	No of Council meetings	4		1		1		1		1		
	Portfolio	6		1		1		2		2		
	Finance	11		3		3		2		3		
	Local Labour Forum	4		1		1		1		1		
Training of staff & Councillors	No of staff & Cllrs trainees	80	R495 250	20		20		20		20		
Workplace skills plan	Completion and adoption by 30 June 2013	1				25%		75%		100%		
Implement HR strategy	Workshop by January 2013	1						100%				
KPA: Local Economic Development												
Vote: Finance & Administration												
Administration												
Employment equity plan	Reports to Local Labour Forum	4		1		1		1		1		

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Department – Corporate Services (continues)												
KPA: Good Governance and public participation												
Vote: Finance & Administration												
Administration												
Review existing policies	No of policies	8		2		2		2		2		
Compilation agenda & minutes	No of agendas and minutes	100		25		25		25		25		
Municipal website	No of uploads	12		3		3		3		3		
Publish draft 2012/2013 budget	Publish in April 2012 & website	1								1		
Performance agreement and SDBIP	Made public in July 2012	1		1								
KPA: Basic Service Delivery												
Vote: Finance & Administration												
Administration												
Purchase furniture and fittings	Deliver in August 2012		R 25 000	R 25 000								
Purchase Propnet properties	Complete by 30 April 2013		R2 100 000									
Town Hall & Offices												
Purchase of furniture and fittings	Deliver in October 2012		R105 000			R105 000						
Upgrade community Halls and offices	Complete by February 2013		R200 000					R200 000				
Purchase furniture Alpha control building	Deliver in March 2013		R200 000					R200 000				
Caretaking rural buildings (Equitable share)												
Libraries												
Purchase equipment, furniture and fittings	Deliver in August 2012		R55 000	R55 000								
Tourism												
Purchase display furniture & equipment	Deliver in November 2012		R30 000			R30 000						
2. Vote: Housing												
Housing scheme-Gingindlovu												

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Protection Services (Manager: Protection Services)												
KPA: Municipal financial viability and management												
1. Vote: Finance & Admin (Protection Services)												
Draft budget Department 2013/2014	Submit in November 2012	1				1						
Draft Department SDBIP for 2013/2014	Submit in February 2013	1						1				
KPA: Municipal transformation and organizational development												
Vote: Finance & Admin (Protection Services)												
Communication plan	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
KPA: Good Governance and public participation												
Vote: Finance & Admin (Protection Services)												
Compilation Agenda & Minutes	No of agendas and minutes	24		6		6		6		6		
Enquiries and complaints	No of replies	100		25		25		25		25		
KPA: Good Governance and public participation												
2. Vote: Public Safety												
2.1. Traffic												
Road safety projects at schools	No of projects	6		2		2		2				
Prepare and implement a safety plan	Complete by 30 June 2013	100%				25%		50%		100%		
KPA: Basic Service Delivery												
Vote: Public Safety												
Traffic												
Effective Law Enforcement	Rand value of fines issued		R16 million	R4 000 000		R4 000 000		R4 000 000		R4 000 000		
Road signs	Rand value of budget spent		R29 990	R7 500		R15 000		R22 500		R29 900		
Road markings	Rand value of budget spent		R82 680	R20 670		R41 340		R62 010		R82 680		
Crime consultative meetings	No of meetings	12		3		3		3		3		
Road blocks	No of roadblocks	15		4		5		3		3		
Monitor Hawkers	No of visits	80		20		20		20		20		
Purchase office furniture	Deliver in March 2013		R15 000					R15 000				
Purchase road block trailer	Deliver in October 2012		R 130 000			R130 000						
Purchase breathalyzers	Deliver in August 2012		R 25 000	R25 000								
Purchase fire arms	Deliver in September 2012		R 35 000	R35 000								

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
KPA: Local Economic Development												
Vote: Public Safety 2.2 Fire Fighting												
Municipal disaster management plan	No of awareness campaigns	4		1		1		1		1		
KPA: Basic Service Delivery												
Vote: Public Safety Fire Fighting												
Fire inspections-businesses	No of inspections	100		25		25		25		25		
Rural fire prevention training	No of training sessions	3		1		1		1				
Purchase firefighting equipment	Deliver in November 2012		R130 000			R130 000						
Purchase medical rescue equipment	Deliver in August 2012		R 15 000	R 15 000								
KPA: Basic Service Delivery												
3. Vote: Road Transport 3.1 Testing Grounds												
Examination of vehicles	No of vehicles	800		200		200		200		200		
Motor registration & licensing:	Units of one hundred	120		30		30		30		30		
Driver's Licenses: Bookings	No of bookings	1200		300		300		300		300		
Passed	No of passes	560		140		140		140		140		
Learners licenses: Bookings	No of bookings	1800		450		450		450		450		
Passed	No of passes	480		120		120		120		120		
Purchase park home	Deliver in July 2012		R150 000	R150 000								
Purchase Furniture and equipment	Deliver in July 2012		R 44 000	R 44 000								
Purchase container	Deliver in August 2012		R 70 000	R 70 000								
Purchase filing cabinets	Deliver in August 2012		R 26 400	R 26 400								
Purchase computer equipment	Deliver in July 2012		R100 000	R100 000								

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Financial Services												
Chief Financial Officer												
KPA: Municipal transformation & organizational development												
1. Vote: Finance & Admin												
Communication Plan	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
KPA: Basic Service delivery												
Vote: Finance & Admin												
Upgrade of IT equipment	Completed in April 201		R100 000			R 60 000				R 100 000		
Upgrade of office	Completed in Sept 2012		R 7 000			R 7 000						
Purchase furniture and equipment	Deliver in July 2012		R 4 000	R 4 000								
Purchase computers (other department's)	Deliver in August 2012		R148 000	R148 000								
Purchase equipment for budget office	Deliver in November 2012		R 5 000	R 5 000								
Purchase furniture	Deliver In November 2012		R 3 000			R 3 000						
KPA: Municipal financial viability and Management												
Vote: Finance & Admin												
1.1 Budget & Management Accounts												
Compilation of financial statements in terms of MFMA	Submit by 31 August 2012	1		1								
Time schedule of key deadlines for 2013/2014 budget	Submit in August 2012	1		1								
Budget Statement	No of statements	11		3		2		3		3		
Implementation of the budget	No of reports	4		1		1		1		1		
Consolidate and prepare proposed 2013/2014 budget	Start in December 2012	1						1				
6 monthly budget statements	Tabled in January 2013	1						1				
Adjustments budget for 2012/2013	Tabled in January 2013	1						1				
Change in budget related policies	Finalized in March 2013	1						1				
Align municipal budget with IDP	Alignment in March 2013	1						1				
Draft 201232014 budget	Tabled in March 2013	1						1				
Draft SDBIP for 2013/2014	Tabled in March 2013	1						1				
Primary banking detail to Provincial Treasury and Auditor General	Forwarded in March 2013	1						1				
Draft 2013/2014 budget to National Treasury (3 copies)	Forwarded in April 2013	1								1		

Department-Financial Services (continues)												
Draft 2013/2014 budget to Provincial Treasury (1 copy)	Completed and mailed in April 2013	1								1		
Final 2013/2014 budget	Tabled in May 2013	1								1		
Final 2013/2014budget to National Treasury	Forwarded in June 2013	1								1		
Final SDBIP for 2013/2014	Approved in June 2013	1								1		
KPA: Municipal financial viability and Management												
Vote: Finance & Admin												
1.2 Revenue												
Report on credit control, debt collection & indigent management to Finance Committee.	No of reports	11		*3*		2		3		3		
Meetings with Council's attorneys to discuss progress on handed over debtors.	No of meetings	4		*1*		1		1		1		
Steering committee meetings with council's Valuators.	No of meetings	4		*1*		1		1		1		
Debtor reconciliations	Completed by the 15th of the month	12		*3*		3		3		3		
Indigent Support-quarterly report to council	No of reports	4		*1*		1		1		1		
Indigent support –reports displayed at cashier offices	No of reports	4		*1*		1		1		1		
KPA: Municipal financial viability and Management												
Vote: Finance & Admin												
1.3 Expenditure												
SCM Policy-revise	Completed by December 2012	100%				100%						
DoRA reports on all grants received	Submitted monthly	12		*3*		3		3		3		
SCM reports in accordance with regulations, policy & procedures.	Submitted monthly	12		*3*		3		3		3		
Payroll is completed timorously & accurately	Completed within 7 working days of the end of the month	100%		100%		100%		100%		100%		
Payment of creditors on time in terms of Section 65 of MFMA	No of creditors paid on time	100%		100%		100%		100%		100%		
KPA: Local Economic development												
Vote: Finance & Admin												
Ensure procurement policy is gender & disabled sensitive	Bi annual reports to EXCO	2%				1%				2%		
KPA: Basic service delivery												
Vote: Finance & Admin												
1.4 SCM Unit												
Purchase furniture	Deliver in July 2012		R 2 000	R 2 000								
Building upgrade	Complete in July 2012		R10 000	R10 000								

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending Sept		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Community Services (Manager: Community Services)												
KPA: Municipal financial viability and management												
1. Vote: Finance & Admin												
Draft 2013/2014 Departmental budget	Submit in November 2012	1				1						
Draft Departmental SDBIP	Submit in February 2013	1						1				
KPA: Municipal transformation and organizational development												
Vote: Finance & Admin												
Departmental Communication	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
Liaison with UDM and Coastal Management working group	No of meetings	4		1		1		1		1		
KPA: Local Economic development												
Vote: Finance & Admin												
Work creation projects: Equit share	No of jobs created	50	R1 000 000	25		50						
KPA: Good Governance & public participation												
Vote: Finance & Admin												
Compilation agendas & minutes	No of agenda & minutes	40		10		10		10		10		
SLA Environment /SLA Clinics	Signing & compliance of SLA	1						1				
KPA: Basic Service Delivery												
2. Vote: Community & Social Services												
Liaison with Dept of health to ensure an acceptable level of health care	No of portfolio meetings	6		2		1		2		1		
Cemeteries graves	No of graves dug	960		240		240		240		240		
Sports development: Equit Share	No of events	2	R300 000			1		1				
Cultural development: Equit Share	No of events	1	R100 000			1						
HIV relief: Equit share	No of assistance rendered	360	R300 000	90		90		90		90		
Youth Development Programmes :equit share	No of programmes	2	R200 000	1		1						
Purchase furniture and equipment	Deliver in September 2012		R 20 000			R 20 000						
Construct cemetery pathways	Complete in March 2013		R 50 000					R 50 000				

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Community Services (continues)												
3. Vote: Sport & Recreation												
Weed eradication programme	No of hectares	100	R 231 530	25		25		25		25		
Grass cutting programme	No of hectares cut	900	R1 358 710	225		225		225		225		
Purchase chainsaws	Deliver in July 2012		R 40 000	R 40 000								
Install turnstiles at Sunnydale Pool	Complete in July 2012		R 100 000	R100 000								
Complete phase 1 of KDS sports park	Complete in June 2013		R1 000 000							R1 000 000		

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending Sept		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Act	Projected	Act	Projected	Act	
Department-Technical Services (Manager Engineer Services)												
KPA: Municipal financial viability & Management												
Vote: Finance & Administration												
Draft 2013/2014 Departmental budget	Submit in November 2012	1				1		1				
Draft Departmental SDBIP	Submit in February 2013	1										
KPA: Municipal transformation & Organizational Development												
Vote: Finance & Administration												
Departmental Communication	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
	General staff	2				1				1		
KPA: Good Governance & public participation												
Vote: Finance & Administration												
Compilation agendas & minutes	No of portfolio meetings	6		2		2		1		1		
	No of Staff meetings	11		3		3		2		3		
	No of General meetings	2				1				1		
	No of Task meetings	6		2		2		1		1		
	No of PMU meetings	6		2		2		1		1		
	Other	12		3		3		3		3		
KPA: Basic Service Delivery												
Vote: Finance & Administration												
New admin offices (Alpha control)	Complete by December 2012		R2 000 000	R400 000		R1 600 000		R2 000 000				
Community halls main (Equitable Share)	No of halls	2	R 200 000			R 200 000						
Vote: Planning & Development												
Building inspections conducted	No of building inspections	200		50		50		50		50		
Property inspections conducted	No of property inspections	400		100		100		100		100		

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending Sept		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Act	Projected	Act	Projected	Act	
Department-Technical Services (continues)												
Vote: Community & Social Services												
Consult with UDM that water & sanitation needs are catered for in the UDM (WSDP).	No of meetings attended	4		1		1		1		1		
Consult with Eskom and UDM so that uMlalazi residents receive free basic electricity.	No of meetings attended	4		1		1		1		1		
Poverty alleviation(Equit share)	No of jobs created	200	R1 440 000	50		100		150		200		
Construct Ngodini crèche (Ward 26)	Complete by November 2012		R 711 144	R 177 000		R 711 144						
Construct Lethukuthula crèche (Ward 24)	Complete by November 2012		R 800 000	R 200 000		R 800 000						
Vote: Sports & Recreation												
Construct Mnqaday sports field (Ward 24)	Complete by December 2012		R1 700 000			R1 275 000		R1 700 000				
Vote: Refuse Removal												
Recycling Programme	No of reports to Portfolio committee	6		2		1		1		2		
Purchase refuse skips and mass containers	Deliver in October 2012		R 50 000			R 50 000						
Purchase refuse bins	Deliver in September 2012		R 30 000	R 30 000								
Waste management plan- report tonnages to regional refuse site	No of reports	6		2		1		1		2		
Provide free refuse to indigent households	Rand value of budget spend		R1 207 400	R 301 850		R 603 700		R 905 550		R1 207 400		
Rehabilitate Eshowe landfill site	Complete by February 2013		R7 118 546			R3 559 272		R7 118 546				

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2012/2013

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Technical Services (continues)												
Vote: Road Transport												
Municipal services infrastructure maintenance plan-buildings.	No of reports to Portfolio committee	4		1		1		1		1		
Municipal roads programme	No of reports to Portfolio committee	4		1		1		1		1		
Storm Water Management	Complete by November 2012		R350 000			R350 000						
Pavement management system	Complete by February 2013		R300 000					R300 000				
Construct sidewalks	Complete in January 2013		R265 000			R 132 500		R265 000				
Construct public transport facilities	Complete in September 2012		R100 000	R 100 000								
Construct speed humps	Complete in March 2013		R 50 000					R 50 000				
Grading of rural roads (Equit share)	Rand value of budget spend		R3810000	R 952 500		R1 905 000		R2 857 500		R3 810 000		
Rehabiliation of urban roads(Equit share)	Rand value of budget spend		R2700000	R 675 000		R1 350 000		R2 025 000		R2 700 000		
Taxi rank-informal trading project	Complete by April 2013		R3500000							R3 500 000		
Matshemhlophe road (Ward 4)	Complete by June 2013		R1480328					R 740 163		R1 480 328		
KDS internal roads (Ward 12)	Complete by November 2012		R3518289			R3 518 289						
Butcher street (Ward 11)	Complete by November 2012		R2892226			R2 892 226						
Ohhahheni road (Ward 22)	Complete by June 2013		R1897345					R 954 672		R1 897 345		
Nogobhoza road (Ward 15)	Complete by June 2013		R5097122			R1 274 280		R3 185 700		R5 097 122		
Vote: Electricity												
Provide free electricity to indigent households	Rand value of budget spend		R1049850	R 262 460		R524 920		R 787 380		R1 049 850		
Purchase 2x complete 3 way ring main units	Deliver in March 2013		R160 000					R 160 000				
Purchase 1x complete 4 way ring main unit	Deliver in March 2013		R200 000					R 200 000				
Upgrade street lights	Complete in January 2013		R 100 000			R 60 000		R 100 000				
Purchase 315 KVA transformer	Deliver in March 2013		R270 000					R 270 000				
Purchase pre paid electricity meters	Deliver in September 2012		R 80 000			R 80 000						
Increase in Eskom supply (Equit share)	Complete in December 2012		R4000000	R4 000 000								
Purchase 2 sedan vehicles	Deliver in July 2012		R320 000	R 320 000								
Purchase 3 (4x2) LDV's	Deliver in July 2012		R750 000	R 750 000								
Purchase 1 trailer	Deliver in December 2012		R120 000			R 120 000						
Purchase 2 tractors	Deliver in December 2012		R500 000			R 500 000						
Purchase mini bus	Deliver in July 2012		R350 000	R 350 000								
Vote: Other												
Municipal services infrastructure maintenance plan-vehicles	No of reports to Portfolio committee		2			2		1		1		
Construct low level ramp	Complete in September 2012		R 40 000	R 40 000								
Construct handyman's workshop	Complete in August 2012		R300 000			R 300 000						

15. CONTRACT HAVING FUTURE BUDGETS IMPLICATIONS

Hereunder follows the details of a contract which will impose financial obligations on the municipality beyond the three years covered in the annual budget:

Name	Description of Contract	Planned expenditure for duration of contract			
		2012/2013	*2013/2014*	*2014/2015*	*2015/2016*
HCB Property Valuations	*Second round of property valuations*	R300 000	R300 000	R300 000	R300 000

16. CAPITAL EXPENDITURE DETAILS

16.1 Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		9 469	35 071	12 473	7 304	29 208	29 208	20 619	12 818	22 320
Infrastructure - Road transport		8 158	24 905	6 417	2 606	24 284	24 284	9 125	6 600	21 125
Roads, Pavements & Bridges		8 158	24 905	6 417	2 606	24 284	24 284	9 125	6 600	21 125
Storm water		–								
Infrastructure - Electricity		72	1 831	1 463	1 149	1 149	1 149	620	2 753	1 195
Generation		72	1 831	1 463	1 149	1 149	1 149	620	2 753	1 195
Transmission & Reticulation										
Street Lighting										
Infrastructure - Other		1 238	8 334	4 593	3 550	3 775	3 775	10 875	3 465	–
Waste Management		1 238	8 334	4 157		120	120	7 055	3 185	
Transportation	2					–	–			
Gas						–	–			
Other	3			435	3 550	3 655	3 655	3 820	280	–
Community		10 657	6 120	5 362	3 441	4 625	4 625	17 011	3 141	7 028
Parks & gardens						–	–			
Sportsfields & stadia		4 019	3 058	1 781	1 828	2 427	2 427	13 700	791	2 257
Swimming pools			30			–	–	–	–	3 500
Community halls		538	171	744		20	20	1 750	1 500	–
Libraries		4 783	1 451			–	–			
Recreational facilities						–	–			
Fire, safety & emergency		1 317	457	50		–	–	–	500	–
Security and policing						–	–			
Clinics						–	–			
Museums & Art Galleries						–	–			
Cemeteries			130	262	300	300	300	50	350	300
Social rental housing	8					–	–			
Other			823	2 525	1 313	1 878	1 878	1 511	–	972
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	1 866	220	–	–	2 100	–	–
Housing developmen		–	–	1 866	220		–	2 100	–	–
Other										
Other assets		1 082	3 491	2 351	2 233	2 208	2 208	1 370	1 651	1 958
General vehicles		211	1 131	1 488	780	752	752	250	640	500
Specialised vehicles	10	461	1 781	–	–	–	–	–	–	–
Plant & equipment		153	485	658	1 132	1 023	1 023	552	565	628
Computers - hardware/equipmen						–				
Furniture and other office equipmen		257	94	204	322	434	434	568	446	830
Civic Land and Buildings						–				
Other Buildings						–				
Other Land						–				
Surplus Assets - (Investment or Inventory						–				
Other						–				
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Capital Expenditure on new assets	1	21 207	44 682	22 052	13 198	36 041	36 041	41 101	17 610	31 306

Specialised vehicles		461	1 781	–	–	–	–	–	–	–
Refuse		461	496							
Fire			1 286							

16.2 Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		2 121	1 664	951	16 873	1 330	1 330	8 076	16 266	2 481
Infrastructure - Road transport		1 761	1 388	866	16 533	1 060	1 060	7 626	16 126	2 361
Roads, Pavements & Bridges		1 721	1 137	627	16 283	720	720	7 276	15 776	1 611
Storm water		40	251	239	250	340	340	350	350	750
Infrastructure - Electricity		105	112	85	140	140	140	100	140	120
Generation		105	112	85	140	140	140	100	140	120
Transmission & Reticulation										
Street Lighting										
Infrastructure - Other		256	164	–	200	130	130	350	–	–
Waste Management										
Transportation	2									
Gas										
Other	3	256	164		200	130	130	350	–	–
Community		223	–	184	2 900	1 520	1 520	200	200	300
Parks & gardens										
Sportsfields & stadia										
Swimming pools					700	820	820			
Community halls				184	2 200	700	700	200	200	300
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Clinics										
Museums & Art Galleries		45								
Cemeteries		178								
Social rental housing	8									
Other		–								
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		139	200	223	347	347	347	2 038	2 723	1 902
General vehicles								1 690	2 270	1 310
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment		139	200	223	347	347	347	348	453	592
Furniture and other office equipment										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Capital Expenditure on renewal of existing assets	1	2 483	1 863	1 357	20 120	3 197	3 197	10 314	19 189	4 683
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Renewal of Existing Assets as % of total capex		*10.5%*	*4.0%*	*5.8%*	*60.4%*	*8.1%*	*8.1%*	*20.1%*	*52.1%*	*13.0%*
Renewal of Existing Assets as % of deprecn"		*44.3%*	*25.6%*	*19.3%*	*251.4%*	*39.9%*	*39.9%*	*117.1%*	*198.1%*	*45.9%*

16.3 Repairs and maintenance expenditure by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2 477	3 240	3 627	6 659	6 600	6 600	5 747	7 011	8 423
Infrastructure - Road transport		941	1 721	2 043	5 003	4 984	4 984	3 974	5 127	6 438
Roads, Pavements & Bridges		941	1 721	2 043	5 003	4 984	4 984	3 974	5 127	6 438
Storm water										
Infrastructure - Electricity		638	946	1 092	1 205	1 165	1 165	1 281	1 364	1 437
Generation		638	946	1 092	1 205	1 165	1 165	1 281	1 364	1 437
Transmission & Reticulation										
Street Lighting										
Infrastructure - Other		898	573	492	451	451	451	492	519	547
Waste Management		898	573	492	451	451	451	492	519	547
Transportation	2									
Gas										
Other	3									
Community		2 731	1 550	1 428	5 060	4 963	4 963	2 192	3 358	4 327
Parks & gardens		1 880	302	383	2 260	2 207	2 207	428	451	950
Sportsfields & stadia				–		–	–	–	–	–
Swimming pools		2	14	10	17	6	6	18	29	30
Community halls		236	217	215	1 572	1 576	1 576	790	1 905	2 321
Libraries		20	4	17	8	8	8	9	9	10
Recreational facilities		18	30	9	36	11	11	11	12	13
Fire, safety & emergency		203	289	313	359	372	372	382	402	422
Security and policing		366	464	468	466	441	441	489	513	541
Clinics		5	8	6	32	32	32	5	–	–
Museums & Art Galleries		–	65	7	9	9	9	9	9	10
Cemeteries		–	156	2	300	300	300	50	28	29
Social rental housing	8					–	–	–	–	
Other										
Investment properties		–	–	–	–	–	–	–	–	–
Housing developmen										
Other										
Other assets		1 464	307	450	655	739	739	610	608	642
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipmen										
Furniture and other office equipmen										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory										
Other		1 464	307	450	655	739	739	610	608	642
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Repairs and Maintenance Expenditure	1	6 671	5 097	5 505	12 374	12 302	12 302	8 548	10 977	13 392

Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		*3.4%*	*2.1%*	*1.4%*	*3.3%*	*3.2%*	*3.2%*	*2.1%*	*2.8%*	*3.5%*
R&M as % Operating Expenditure		*5.9%*	*3.9%*	*3.4%*	*6.9%*	*6.8%*	*6.8%*	*4.4%*	*5.1%*	*5.7%*

16.4 Future financial implications of the capital budget

Vote Description	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts	
R thousand		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17
Capital expenditure	1					
Vote 1 - EXECUTIVE AND COUNCIL		324	56	38	45	110
Vote 2 - BUDGET AND TREASURY OFFICE		279	458	614	479	534
Vote 3 - CORPORATE SERVICES		5 060	2 150	490	14 475	415
Vote 4 - PLANNING AND DEVELOPMENT		–	80	–	–	–
Vote 5 - HEALTH		20	10	10	10	10
Vote 6 - COMMUNITY AND SOCIAL SERVICES		1 616	420	1 337	6 380	125
Vote 7 - HOUSING		–	–	–	–	–
Vote 8 - PUBLIC SAFETY		540	1 405	395	1 457	3 080
Vote 9 - SPORTS AND RECREATION		14 210	1 631	6 517	2 110	350
Vote 10 - WASTE MANAGEMENT		7 535	3 610	200	770	250
Vote 11 - ROAD TRANSPORT		20 991	23 736	24 486	17 120	2 030
Vote 12 - ELECTRICITY		800	3 243	1 643	2 283	990
Vote 13 - AIR TRANSPORT		–	–	–	–	–
Vote 14 - WORKSHOP		40	–	260	–	–
Total Capital Expenditure		51 414	36 799	35 989	45 129	7 894
Future operational costs by vote	2					
Vote 1 - EXECUTIVE AND COUNCIL		2 555	2 511	2 577		
Vote 2 - BUDGET AND TREASURY OFFICE		881	931	980		
Vote 3 - CORPORATE SERVICES		1 364	2 518	2 964		
Vote 4 - PLANNING AND DEVELOPMENT		148	156	164		
Vote 5 - HEALTH		113	91	96		
Vote 6 - COMMUNITY AND SOCIAL SERVICES		189	174	183		
Vote 7 - HOUSING		100	103	106		
Vote 8 - PUBLIC SAFETY		7 095	7 142	7 446		
Vote 9 - SPORTS AND RECREATION		2 373	2 502	3 103		
Vote 10 - WASTE MANAGEMENT		5 944	6 449	6 982		
Vote 11 - ROAD TRANSPORT		4 188	5 241	6 558		
Vote 12 - ELECTRICITY		1 717	1 825	1 924		
Vote 13 - AIR TRANSPORT		12	12	13		
Vote 14 - WORKSHOP		32	33	35		
Total future operational costs		26 711	29 690	33 132	–	–
Future revenue by source	3					
Property rates		29 921	32 163	34 165		
Property rates - penalties & collection charges		633	602	572		
Service charges - electricity revenue		49 366	57 717	67 492		
Service charges - water revenue		–	–	–		
Service charges - sanitation revenue		–	–	–		
Service charges - refuse revenue		8 070	8 876	9 764		
Service charges - other		–	0	0		
Rental of facilities and equipment		1 235	1 303	1 374		
Other Revenue						
List entity summary if applicable						
Total future revenue		89 225	100 660	113 366	–	–
Net Financial Implications		(11 100)	(34 171)	(44 246)	45 129	7 894

17. LEGISLATION COMPLIANCE STATUS

The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) became effective on 1 July 2004. Elements of the act have been phased in according to capacity of each municipality – high, medium and low.

The LG:MFMA has introduced significant changes to the financial management of local government. One of the main changes in budget preparation is that the single year, line item budgeting – which was a common feature of the previous practices – has been replaced by multi-year budgeting at a more strategic level.

The LG: MFMA aim to modernize budget and financial practices at all spheres of government, thereby facilitating effective service delivery. The general public plays an important role in ensuring a budget is set to reflect targeted service delivery. For example, during the budget preparation process, Section 21 of the LG: MFMA requires communities and residents within the municipal jurisdiction to be part of the Budget and Integrated Development Planning (IDP) processes. Section 8 of this report describes how this has been achieved.

Communities can also monitor the performance of the approved budget through regular reporting of the Service Delivery & Budget Implementation Plan (SDBIP) and the performance contracts of senior manager. These are prepared at the same time as the budget, thus ensuring alignment at the start of the financial year. Section 15 of this report provides some detail of the departmental SDBIP's that have been prepared. These highlight the key service delivery and performance targets that senior managers are accountable for.

Some of the key budget reforms encapsulated within the LG: MFMA, that uMlalazi has applied, are:

- Forward looking, multi-year budgets with strategic focus;
- Clear links between budget allocations and agreed policies;
- Improved integration of budget and planning processes;
- New budget process timetable with earlier adoption of budgets by council and earlier audits of Annual Financial Statements;
- Improved in-year reporting according to vote/function;
- Improved financial management information;
- Service Delivery and Budget Implementation Plans (SDBIP) developed and approved with budgets;
- New accounting norms and standards;
- Improvements to procurement and Supply Chain Management policies and processes;
- Establishment of a new audit committee and oversight process reforms and;
- Focus on performance measurement,

The LG: MFMA implementation is monitored through regular reporting including:

- Quarterly reviews of LG: MFMA implementation plans and 12 urgent implementation priorities checklist;
- Monthly returns to National Treasury and monthly reports to Mayor and Council, as required by Section 71;
- Publication of information on the municipalities website (www.umlalazi.org.za) and
- Mid-year budget and performance assessment as required by Section 72

The Budget and Medium Term Revenue and Expenditure Framework (MTREF) was prepared taking cognizance of the contents of the Municipal budget and reporting regulations, Local Government: Municipal Finance Management Act No 56 of 2003, Circulars No. 58 and 59 and the LG:MFMA Budget Formats Guide received from National Treasury.

The objective of the regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities and municipal entities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the Act.

OTHER LEGISLATION

The other important pieces of legislation when considering the budget processes are:

- The Division of Revenue Bill 2012 and
- The Municipal Systems Act (Act no. 32 of 2000), together with the Municipal Systems Amendment Act (Act No. 44 of 2003)

Division of Revenue Bill 2012

This Bill issued in February annually, provides the three year allocations from national government to local government. It sets out all the reporting requirements and conditions relating to the grants. Alongside this Provincial Departments allocate funding to local government by means of a provincial gazette.

These allocations are used when preparing the three year budget in order to comply with Section 18 of the LG: MFMA (relating to reasonably anticipated revenues to be collected). Additional allocations – both nationally and provincially – are sometimes made to municipalities. However, these are not included in the original budget as the allocations are not certain. When confirmed they will be included in an adjustments budget in accordance with Section 28 of the LG: MFMA.

The Municipal Systems Act (Act no. 32 of 2000) and the Municipal Systems Amendment Act (Act No. 44 of 2003)

These acts form the basis of the links between the budget and the Integrated Development Plan (IDP). In particular, the aspects that have been considered in preparing the budget are:

- Community participation (Chapters 4 & 5);

Performance management (Chapter 6) providing also the basis for measurable performance objectives in the Service Delivery and Budget Implementation Plan (SDBIP); and Tariff Policy (Chapter 8).

18. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **Thembakhosi Simon Mashabana,** Municipal Manager of the uMlalazi Municipality,
Hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act to a certain extent with the budget document as set out in schedule A of the regulations including the main tables (A1-A10), and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name.....**T S Mashabana**.....

Municipal Manager of .....**uMLALAZI MUNICIPALITY**.....

Signature.....

Date.....08/06/2012.....

CONTACT DETAILS

uMlalazi Municipality

P O Box 37
Eshowe
3815

Hutchinson Street
Eshowe

Contact Person: Buks Koster
Telephone: 035 473 3319 Fax: 035 474 1180

Website: www.umlalazi.org.za

Email: Buks@umlalazi.org.za